

2012 -- H 7716

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO PUBLIC PROPERTY AND WORKS - STATE PURCHASES - NONPROFIT CORPORATION

Introduced By: Representatives Hearn, and Nunes

Date Introduced: February 16, 2012

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Chapter 37-2 of the General Laws entitled "State Purchases" is hereby
2 amended by adding thereto the following section:

3 **37-2-81. Restriction on nonprofit corporation receipt of state funds. – (a) The state**
4 **shall not enter into a contract for any reason nor provide any grants or funds to any nonprofit**
5 **corporation as defined in subdivision 7-6-2(9) if their yearly administrative expenses exceed**
6 **fifteen percent (15%) of its annual total budget expenditures.**

7 **(b) The department of administration shall promulgate regulations to help implement and**
8 **enforce this section. The regulations shall, at a minimum, require all nonprofit corporations which**
9 **receive any state funds, to:**

10 **(1) File periodic reports which contain relevant financial and program performance**
11 **information;**

12 **(2) File copies of its documents which identify all its claimed administrative costs as**
13 **required by the Internal Revenue Service (Form 990); and**

14 **(3) Annually submit a certification that administrators expenses do not exceed the fifteen**
15 **percent (15%) limitations imposed by this section.**

16 **(c) If a nonprofit corporation violates the provisions of this section the director of**
17 **administration shall suspend violators' disbursement of state funds until it follows this law.**

1 SECTION 2. This act shall take effect on July 1, 2012.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T

RELATING TO PUBLIC PROPERTY AND WORKS - STATE PURCHASES - NONPROFIT
CORPORATION

- 1 This act would prevent any nonprofit corporation whose administrative expenses exceed
- 2 fifteen percent (15%) of its annual budget, from receiving state funds for any reason.
- 3 This act would take effect on July 1, 2012.

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