

Committee on Commerce and Tourism

CS/CS/CS/HB 599 — Corporations Not For Profit

by Economic Affairs Committee; Civil Justice Subcommittee; Insurance and Banking Subcommittee; Rep. Passidomo and others (CS/CS/SB 952 by Higher Education Committee; Commerce and Tourism Committee; and Senators Richter and Gaetz)

The bill adopts the 2006 Uniform Prudent Management of Institutional Funds Act (act), and repeals the current Uniform Management of Institutional Funds Act contained in s. 1010.10, F.S., for educational endowments.

The new act applies to all charitable endowment funds with the exception to funds administered by the State Board of Administration. Charitable purpose is defined under the new act as “the relief of poverty, the advancement of education or religion, the promotion of health, the promotion of a governmental purpose, or any other purpose the achievement of which is beneficial to the community.”

The primary benefit of this act is to allow charitable institutions holding endowment funds the flexibility to make distributions from the endowment fund when the fund has fallen below the original amount placed into it, so long as the fund is prudently managed and the appropriation is not explicitly prohibited.

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) has been adopted in 47 states.

The bill also provides that when a not for profit corporation is issued a deed to real property in the state by the Board of Trustees of the Internal Improvement Trust Fund (board) containing a reverter clause that restricts the use of property to specified uses in the deed, the failure to put the property to the required use within a period of 3 years after the grant, unless a stricter time period is contained in the deed, is prima facie evidence that the restriction is violated, subjecting the property to reversion to the board at its discretion. This section applies retroactively and prospectively and may not be construed to excuse for any period of time a use of the property in violation of the restrictive use.

The bill creates s. 617.2014, F.S.

If approved by the Governor, these provisions take effect July 1, 2012.

Vote: Senate 39-0; House 117-0