

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

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HOUSE BILL 645*
Committee Substitute Favorable 4/25/17

Short Title: Legal Services Rendered for Nonprofits.

(Public)

Sponsors:

Referred to:

April 11, 2017

A BILL TO BE ENTITLED

AN ACT TO ALLOW LICENSED ATTORNEYS EMPLOYED BY NONPROFIT
MEMBERSHIP ASSOCIATIONS TO PROVIDE LEGAL SERVICES TO THE
MEMBERS OF THOSE NONPROFIT MEMBERSHIP ASSOCIATIONS.

The General Assembly of North Carolina enacts:

SECTION 1. G.S. 84-5.1 reads as rewritten:

"§ 84-5.1. Rendering of legal services by certain nonprofit ~~corporations~~ entities.

(a) Subject to the rules and regulations of the North Carolina State Bar, as approved by the Supreme Court of North Carolina, a nonprofit corporation, tax exempt under 26 U.S.C. § 501(c)(3), organized or authorized under Chapter 55A of the General Statutes of North Carolina and operating as a public interest law firm as defined by the applicable Internal Revenue Service guidelines or for the primary purpose of rendering indigent legal services, may render such services provided by attorneys duly licensed to practice law in North Carolina, for the purposes for which the nonprofit corporation was organized. The nonprofit corporation must have a governing structure that does not permit an individual or group of individuals other than an attorney duly licensed to practice law in North Carolina to control the manner or course of the legal services rendered and must continually satisfy the criteria established by the Internal Revenue Service for 26 U.S.C. § 501(c)(3) status, whether or not any action has been taken to revoke that status.

(b) In no instance may legal services rendered by a nonprofit corporation under subsection (a) of this section be conditioned upon the purchase or payment for any product, good, or service other than the legal service rendered.

(c) A nonprofit membership association organized or authorized under Chapter 55A of the General Statutes may render legal services to its members consistent with the mission, charter, or purpose of the nonprofit association provided by the association's officers, employees, or agents who are attorneys licensed pursuant to this Chapter; provided, however, that the attorney shall control the manner and course of the legal services rendered. A nonprofit membership association may charge for the legal services rendered to its members pursuant to this subsection. The provisions of this subsection apply notwithstanding any other provision of law to the contrary.

SECTION 2. This act is effective when it becomes law.

