

SENATE BILL NO. 49

INTRODUCED BY THAYER, MILES, THOMAS, ADDY, GILBERT,
B. BROWN, HAMMOND, MEYER, HALLIGAN, MCLANE, ANDERSON,
HOFMAN, BECK, JERGESON, LYBECK, MAZUREK,
KEATING, PINSONEAULT, WALKER

BY REQUEST OF THE JOINT INTERIM SUBCOMMITTEE
ON LIABILITY ISSUES

IN THE SENATE

JANUARY 6, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON JUDICIARY.
JANUARY 10, 1987	ON MOTION BY CHIEF SPONSOR, SENATORS BROWN, HAMMOND, MEYER, HALLIGAN, MCLANE, ANDERSON, HOFMAN, BECK, JERGESON, LYBECK, MAZUREK, KEATING, PINSONEAULT, AND WALKER AND REPRESENTATIVES MILES, THOMAS, ADDY, AND GILBERT ADDED AS SPONSORS.
JANUARY 23, 1987	COMMITTEE RECOMMEND BILL DO PASS AS AMENDED. REPORT ADOPTED.
JANUARY 24, 1987	PRINTING REPORT.
JANUARY 27, 1987	SECOND READING, DO PASS.
JANUARY 28, 1987	ENGROSSING REPORT.
JANUARY 29, 1987	THIRD READING, PASSED. AYES, 50; NOES, 0.
	TRANSMITTED TO HOUSE.

IN THE HOUSE

FEBRUARY 4, 1987	INTRODUCED AND REFERRED TO COMMITTEE ON JUDICIARY.
MARCH 19, 1987	COMMITTEE RECOMMEND BILL BE CONCURRED IN AS AMENDED. REPORT ADOPTED.

MARCH 26, 1987

SECOND READING, CONCURRED IN AS
AMENDED.

MARCH 28, 1987

THIRD READING, CONCURRED IN.
AYES, 88; NOES, 5.

RETURNED TO SENATE WITH AMENDMENTS.

IN THE SENATE

APRIL 1, 1987

RECEIVED FROM HOUSE.

SECOND READING, AMENDMENTS
CONCURRED IN.

APRIL 2, 1987

THIRD READING, AMENDMENTS
CONCURRED IN.

SENT TO ENROLLING.

APPROVED BY COMMITTEE
ON JUDICIARY

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 7 ON LIABILITY ISSUES

8
 9 A BILL FOR AN ACT ENTITLED: "AN ACT ABOLISHING CIVIL
 10 LIABILITY ACTIONS AGAINST OFFICERS, DIRECTORS, EMPLOYEES,
 11 AND VOLUNTEERS OF NONPROFIT CORPORATIONS IN CERTAIN CASES;
 12 AND AMENDING SECTIONS 27-1-701 AND 35-2-411, MCA."
 13

14 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

15 NEW SECTION. Section 1. Right of action abolished.
 16 (1) No officer, director, employee, or volunteer of a
 17 nonprofit corporation is individually liable for any action
 18 or omission made in the course and scope of his official
 19 capacity on behalf of the nonprofit corporation. This
 20 section does not apply to liability for intentional-torts-or
 21 illegal-acts WILLFUL OR WANTON MISCONDUCT.

22 (2) FOR PURPOSES OF THIS SECTION, "NONPROFIT
 23 CORPORATION" MEANS AN ORGANIZATION EXEMPT FROM TAXATION
 24 UNDER SECTION 501(C) OF THE INTERNAL REVENUE CODE OF 1954 OR
 25 A CORPORATION INCORPORATED OR ADMITTED UNDER THE MONTANA

1 NONPROFIT CORPORATION ACT.
 2 Section 2. Section 27-1-701, MCA, is amended to read:
 3 "27-1-701. Liability for negligence as well as willful
 4 acts. Everyone Except as otherwise provided by law, everyone
 5 is responsible not only for the results of his willful acts
 6 but also for an injury occasioned to another by his want of
 7 ordinary care or skill in the management of his property or
 8 person except so far as the latter has willfully or by want
 9 of ordinary care brought the injury upon himself."
 10 Section 3. Section 35-2-411, MCA, is amended to read:
 11 "35-2-411. Nonliability of directors, officers, and
 12 employees. The directors, officers, and employees of the
 13 corporation shall not, as such, be liable on its obligations
 14 and shall be immune from civil liability as provided in
 15 [section 1]."

-End-



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 17 nonprofit corporation is individually liable for any action
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 19 capacity on behalf of the nonprofit corporation. This
 20 section does not apply to liability for intentional-torts-or
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 23 CORPORATION" MEANS AN ORGANIZATION EXEMPT FROM TAXATION
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ON LIABILITY ISSUES

A BILL FOR AN ACT ENTITLED: "AN ACT ABOLISHING CIVIL
LIABILITY ACTIONS AGAINST OFFICERS, DIRECTORS, EMPLOYEES,
AND VOLUNTEERS OF NONPROFIT CORPORATIONS IN CERTAIN CASES;
AND AMENDING SECTIONS SECTION 27-1-701 AND 35-2-411, MCA;
AND PROVIDING AN APPLICABILITY PROVISION AND AN IMMEDIATE
EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Right of action abolished.

(1) No officer, director, employee, or volunteer of a
nonprofit corporation is individually liable for any action
or omission made in the course and scope of his official
capacity on behalf of the nonprofit corporation. This
section does not apply to liability for intentional torts or
illegal acts WILLFUL OR WANTON MISCONDUCT. THE IMMUNITY
GRANTED BY THIS SECTION DOES NOT APPLY TO THE LIABILITY OF A
NONPROFIT CORPORATION.

(2) FOR PURPOSES OF THIS SECTION, "NONPROFIT
CORPORATION" MEANS:

(A) AN ORGANIZATION EXEMPT FROM TAXATION UNDER SECTION
501(C) OF THE INTERNAL REVENUE CODE OF 1954; OR

(B) A CORPORATION INCORPORATED OR ADMITTED UNDER THE
MONTANA NONPROFIT CORPORATION ACT OR ORGANIZATION WHICH IS
ELIGIBLE FOR OR HAS BEEN GRANTED BY THE DEPARTMENT OF
REVENUE TAX EXEMPT STATUS UNDER THE PROVISIONS OF 15-31-102.

Section 2. Section 27-1-701, MCA, is amended to read:
"27-1-701. Liability for negligence as well as willful
acts. Everyone Except as otherwise provided by law, everyone
is responsible not only for the results of his willful acts
but also for an injury occasioned to another by his want of
ordinary care or skill in the management of his property or
person except so far as the latter has willfully or by want
of ordinary care brought the injury upon himself."

~~Section 3. Section 35-2-411, MCA, is amended to read:
"35-2-411. Nonliability of directors, officers, and
employees. The directors, officers, and employees of the
corporation shall not, as such, be liable on its obligations
and shall be immune from civil liability as provided in
[section 1]."~~

NEW SECTION. SECTION 3. EFFECTIVE DATE --
APPLICABILITY. THIS ACT IS EFFECTIVE ON PASSAGE AND APPROVAL
AND APPLIES TO CLAIMS ACCRUING AFTER THE EFFECTIVE DATE OF



SB 0049/03

1 THIS ACT.

-End-