The House Committee on Judiciary offers the following substitute to SB 433:

A BILL TO BE ENTITLED
AN ACT

To amend Article 1 of Chapter 3 of Title 14 of the Official Code of Georgia Annotated, relating to general provisions for nonprofit corporations, so as to enact the "Donor Intent Protection Act"; to provide for definitions; to prohibit charitable organizations and charitable trusts from violating the terms of charitable contributions made with donor imposed restrictions, subject to exceptions; to provide for a cause of action; to provide for a limitations period; to provide for venue; to provide for remedies; to provide for related matters; to provide for an effective date and applicability; to repeal conflicting laws; and for other purposes.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

SECTION 1.

Article 1 of Chapter 3 of Title 14 of the Official Code of Georgia Annotated, relating to general provisions for nonprofit corporations, is amended by adding a new part to read as follows:

14 ″Part 8

15 14-3-190.

16 This part shall be known and may be cited as the 'Donor Intent Protection Act.'

17 14-3-191.

18 As used in this part, the term:

19 (1) 'Charitable organization' shall have the same meaning as provided in Code Section
20 14-3-140, provided that such organization is recognized as tax exempt under Section
21 501(c)(3) of the Internal Revenue Code.

22 (2) 'Charitable trust' shall have the same meaning as provided in Code Section
23 53-12-170.

24 (3) 'Donor' means an individual or entity who has made a contribution of property or
25 money to either an existing endowment fund a new endowment fund of a charitable
26 organization or of a charitable trust pursuant to the terms of an endowment agreement
27 that may include donor imposed restrictions or conditions governing the use of the
28 contribution.

29 (4) 'Donor imposed restriction' means a provision of an endowment agreement that
30 specifies obligations of the charitable organization or of the charitable trust regarding the
31 management or use of the contribution made by the donor.

32 (5) 'Endowment agreement' means a written agreement between a charitable organization
33 and a donor or of a charitable trust and a donor regarding the contribution made by the
34 donor and accepted by the charitable organization or the charitable trust which may
35 include donor imposed restrictions or other conditions governing the use of the
36 contribution.

37 (6) 'Endowment fund' means an institutional fund, including any aggregate institutional
38 fund or part thereof, that under the terms of a gift instrument is not wholly expendable

39 by the institution on a current basis; provided, however, that such term does not include
40 assets that an institution designates as an endowment fund for its own use.
41 (7) 'Gift instrument' means a record, including an institutional solicitation, under which
42 property is granted to, transferred to, or held by an institution as an institutional fund.
43 (8) 'Lineal descendants' means a donor's children, grandchildren, or great-grandchildren.

44 14-3-192.
45 (a) Except as required or authorized by federal or state law or a valid court order, a
46 charitable organization or a charitable trust that accepts a contribution of property or money
47 pursuant to an endowment agreement containing a donor imposed restriction shall not
48 violate the terms of such restriction without potential penalty.
49 (b) If a charitable organization or a charitable trust violates a donor imposed restriction
50 contained in an endowment agreement, the donor, that donor's lineal descendants, or the
51 donor's legal representative may bring a civil action within four years after discovery of a
52 breach of the endowment agreement. Such civil action may be filed in the county where
53 a charitable organization or a charitable trust named as a party has its principal office or
54 principal place of carrying out its charitable purpose. Such civil action may be filed
55 regardless of whether the endowment agreement expressly reserves a right to sue or
56 enforce, and it shall not seek a judgment awarding damages to the plaintiff. In the event
57 no legal representative was named by the donor, the donor's lineal descendants may bring
58 a civil action.
59 (c) A charitable organization or a charitable trust may obtain a judicial declaration of rights
60 as to the terms of an endowment agreement, including any donor imposed restrictions, and
61 the actions the agreement contemplates, including but not limited to the interpretation,
62 performance, and enforcement of the agreement and determination of its validity. A
63 charitable organization or a charitable trust may do so by bringing a civil action and shall
64 seek such declaration in any suit brought against it under this part.

65 (d) If the court determines, in an action brought pursuant to this part, that a charitable
66 organization or a charitable trust violated a donor imposed restriction, the court shall be
67 authorized to order one or more remedies consistent with the charitable purposes expressed
68 in the endowment agreement; provided, however, that the court shall not be authorized to
69 order the return of the contribution to the donor, the donor's lineal descendants, or the
70 donor's legal representative or estate."

71 **SECTION 2.**

72 This Act shall become effective July 1, 2024, and shall apply to any endowment agreement
73 entered into on or after such date.

74 **SECTION 3.**

75 All laws and parts of laws in conflict with this Act are repealed.