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## **DIEGNAN/McKEON BILL TO HELP CHARITIES BATTLE GLOBAL RECESSION CLEARS ASSEMBLY PANEL**

(TRENTON) – Legislation Assemblymen Patrick J. Diegnan Jr. and John F. McKeon sponsored to help charitable organizations weather the global economic recession was advanced today by an Assembly committee.

The bill (A-3871) would give charitable organizations that have been hit hard by the recent economic troubles more discretion to spend and invest endowment money.

“Many charities are struggling right now not only to meet the needs of the people and groups they serve, but to survive the global economic recession,” said Diegnan (D-Middlesex). “Many endowments have been hit hard by the sagging stock market, leaving charities scrambling to make ends meet. This bill will help these all-important groups that make New Jersey better for everyone persevere through tough times.”

State law restricts charities from spending their endowment’s principal. Instead, they can only spend some appreciation from the principal.

The bill would provide more flexibility to the governing bodies of charities and delineate clear rules for those bodies to use in making spending decisions. For instance, it would allow governing bodies to spend the principal of an endowment fund, so long as the board determines that it is prudent and consistent with the donor’s intent.

It would also require the governing body to act in good faith and consider factors such as the general economic conditions, inflation or deflation and the needs of the institution when managing and investing an institutional fund.

“This isn’t just about making it easier for charities to continue their invaluable activities and common sense updates to our rules,” said McKeon (D-Essex). “This is about making sure these charities survive and are able to continue their important work while honoring the intentions of those who give to them.”

The bill passed the Senate in March. It was released 5-0 by the Assembly State Government Committee and now heads to the Assembly Speaker, who decides if and when to post it for a floor vote.

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