

This profile is part of a set of 51 profiles, including all U.S. states and the District of Columbia, which outlines state laws, regulations, and requirements that apply to charitable organizations. It covers six areas and highlights ways in which state laws differ from federal laws governing charitable organizations.



## Formation, Elections, Operation, and Dissolution

### Nonprofit Corporations

Nonprofit corporations are governed by the Louisiana Nonprofit Corporation Law. La. Rev. Stat. Ann. Title 12, Chapter 2.

### Nonprofit Unincorporated Associations

No relevant statute found.

### Election of Directors

The number, classification, qualifications, compensation, terms of office, manner of election, time and place of meeting, and powers and duties of the directors, may, subject to the provisions of this Chapter, be prescribed by the articles or by the bylaws. La. Rev. Stat. Ann. § 12:224(E).

### Director Term

Unless the articles or the bylaws provide otherwise, the directors shall hold office for one year and until their successors are chosen and have qualified. No director shall be elected for a longer single term than five years. La. Rev. Stat. Ann. § 12:224(B).

### Meeting and Quorum Requirements

Quorum (Members): The presence in person or by proxy of a majority of the voting members shall constitute a quorum. La. Rev. Stat. Ann. § 12:231.

Quorum (Board): A majority of the board of directors shall be necessary to constitute a quorum for the transaction of business, and the acts of a majority of the directors present at a meeting at which a

quorum is present shall be the acts of the board of directors. La. Rev. Stat. Ann. § 12:224(E)(7).

### Officer Requirements

The board of directors shall elect a president, a secretary and a treasurer, and may elect one or more vice presidents. Unless otherwise provided in the articles, none of said officers need be a director, and any two of these offices may be combined in one person; provided that no person holding more than one office may sign, in more than one capacity, any certificate or other instrument required by law to be signed by two officers. The treasurer may be a corporation. La. Rev. Stat. Ann. § 12:225.

### Officer Term

No relevant statute found.

### Dissolution

Dissolution is governed by La. Rev. Stat. Ann. § 12:249.

## Duties, Indemnification, and Interested Transactions

### Director Duties

Officers and directors shall be deemed to stand in a fiduciary relation to the corporation and its members, and shall discharge the duties of their respective positions in good faith, and with that diligence, care, judgment, and skill which ordinary prudent men would exercise under similar circumstances in like positions. La. Rev. Stat. Ann. § 12:226(A).

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### Board Independence Requirements

No relevant statute found.

### Interested Transactions

No contract or transaction between a corporation and one or more of its directors or officers, or between a corporation and any other nonprofit, business or foreign corporation, partnership, or other organization in which one or more of its directors or officers are directors or officers or have a financial interest, shall be void or voidable solely for this reason, or solely because the common or interested director or officer was present at or participated in the meeting of the board or committee thereof which authorized the

contract or transaction, or solely because his or their votes were counted for such purpose, if: (1) The material facts as to his interest and as to the contract or transaction were disclosed or known to the board of directors or the committee, and the board or committee in good faith authorized the contract or transaction by a vote sufficient for such purpose without counting the vote of the interested director or directors; or (2) The material facts as to his interest and as to the contract or transaction were disclosed or known to the members entitled to vote thereon, and the contract or transaction was approved in good faith by vote of the members; or (3) The contract or transaction was fair as to the corporation as of the time it was authorized, approved or ratified by the board of directors, committee, or members. La. Rev. Stat. Ann. § 12:228.

### Indemnification of Directors/Officers

A corporation may indemnify any person who was or is a party or is threatened to be made a party to any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, including any action by or in the right of the corporation, by reason of the fact that he is or was a director, officer, employee, or agent of the corporation if he acted in good faith and in a manner he reasonably believed to be in, or not opposed to, the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. Any indemnification (unless ordered by the court) shall be made only upon a determination made (1) by the board of directors by a majority vote of a quorum of directors not party to such action, suit or proceeding, or (2) if such a quorum is not obtainable or a quorum of disinterested directors so directs, by independent legal counsel, or (3) by the members. Additionally, to the extent that a director, officer, employee or agent has been successful on the merits or otherwise in defense of any such action, suit or proceeding, or in defense of any claim, issue or matter therein, he shall be indemnified against expenses (including attorneys' fees) actually and reasonably incurred by him in connection therewith. La. Rev. Stat. Ann. § 12:227.

### Loans to Directors, Officers, or Employees

No relevant statute found.

## Notable Departures from Federal Law

### Religious/Church Exemption

Religious institutions are not required to register with regards to charitable solicitations. LA Admin. Code section 515(c).

See tax sections below.

### Healthcare "Plus Factors"

Louisiana exempts from state income tax the income of any organization that is exempt from federal income tax under Internal Revenue Code §501. La. Rev. Stat. Ann. §47:287.501(A).

## General

### Rebuttable Presumption of Reasonableness - Delegation to Disinterested "Others"

A director acting in reliance, in good faith, on a report made to the board of directors, or to any committee thereof, by an official of the corporation or by an appraiser selected by the board or by any committee thereof with reasonable care, or on financial statements or other records of the corporation represented as accurate by the president or other officer in charge of the corporation's books of account or of such records, or stated in a written report by independent or certified public accountants fairly to reflect the corporation's financial condition, shall not be held liable for failure to properly discharge their duties. La. Rev. Stat. Ann. § 12:226.

### Charitable Solicitation Requirements

Charitable solicitations are governed by La. Rev. Stat. Ann. §§ 51:1901-1909.1. In general, only professional solicitors or a commercial co-venturer of the charitable organization are required to register with the Louisiana Department of Justice prior to soliciting charitable donations.

### State-Specific Retention Policies

Every corporation shall keep at its registered office (1) records of the meetings of its members and directors, and of committees of the board, share and membership records giving the names and addresses of the members in alphabetical order by classes and series and the number of shares held by each, and records of its assets, liabilities, receipts, disbursements, gains, losses, capital and surplus; and (2) separate records of all trust funds held by it. Whenever membership is terminated, this fact shall be recorded in the share or membership record together with the date on which the membership ceased, and transfers of shares shall similarly be recorded. If the articles or the trust instrument so provide, every corporation shall, within ninety days after the close of each fiscal year, mail an annual report, signed by the treasurer, to its members concerning any trust funds held by it, and the use made of such funds and the income thereof during such fiscal year. La. Rev. Stat. Ann. 12:223.

### Personal Information Collection and Protection Laws

No relevant statute found.

### Whistleblower Protection

None specific to nonprofit corporations; however, Louisiana's whistleblower statute can be found at La. Rev. Stat. Ann. § 23:967.

### State Volunteer Liability Law

A person who serves as a director, officer, or trustee of a nonprofit organization qualified as a tax-exempt organization under Section 501(c) of the Internal Revenue Code of 1954, as amended, and who is not compensated for such services on a salary basis shall not be individually liable for any act or omission resulting in damage or injury, arising out of the exercise of his judgment in the formation and implementation of policy or arising out of the management of

the affairs of the organization while acting as a director, officer, or trustee of that organization, provided he was acting in good faith and within the scope of his official functions and duties, unless such damage or injury was caused by the willful or wanton misconduct of such person. La. Rev. Stat. Ann. 9:2792.1

## Independent Audit Requirements

No relevant statute found.

## State Filing Requirements

Annual reports are required. La. Rev. Stat. Ann. § 12.205.1.

# Model Acts

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## Uniform Prudent Management of Institutional Funds Act

Adopted.

## Uniform Prudent Investor Act

Not adopted.

# Tax Exemptions

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## Income Tax

Nonprofit corporations exempt under § 501 of the Internal Revenue Code are exempt from corporate income tax. La. Rev. Stat. Ann. § 47:287.501(A).

## Sales and Use Taxation

Sales tax applies unless transaction applies to certain exemptions for various types of non-profit entities. See [http://www.revenue.louisiana.gov/forms/publications/20215\(9\\_11\)BR.pdf](http://www.revenue.louisiana.gov/forms/publications/20215(9_11)BR.pdf).

## Property Tax Exemption

The Louisiana Constitution exempts the property of nonprofit corporations from property taxes. La. Const. art 7 § 21(B)(1)(a)(i).

## Miscellaneous Exemptions

N/A.

### General Resource:

[https://legis.la.gov/legis/Laws\\_Toc.aspx?folder=75&level=Parent](https://legis.la.gov/legis/Laws_Toc.aspx?folder=75&level=Parent)

### Disclaimer

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