

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2011

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SENATE BILL 706*

Short Title: Legal Services.

(Public)

Sponsors: Senators Tucker; Bingham and Rabon.

Referred to: Judiciary I.

April 20, 2011

A BILL TO BE ENTITLED

1 AN ACT TO ALLOW NONPROFIT CORPORATIONS OPERATING AS A
2 PROFESSIONAL AND TRADE ASSOCIATION OR A BUSINESS LEAGUE TO
3 PROVIDE LEGAL SERVICES TO ITS MEMBERS USING ATTORNEYS DULY
4 LICENSED TO PRACTICE LAW IN THIS STATE.
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6 The General Assembly of North Carolina enacts:

7 **SECTION 1.** G.S. 84-5 is amended by adding a new subsection to read:

8 "(c) Nothing in this section shall prohibit, subject to the rules and regulations of The
9 North Carolina State Bar, as approved by the Supreme Court of North Carolina, a nonprofit
10 corporation, tax exempt under 26 U.S.C. § 501 (c)(5) or (6), organized or authorized under
11 Chapter 55A of the General Statutes and operating as a professional and trade association or
12 business league as defined by the applicable Internal Revenue Service guidelines, from
13 rendering legal services to its members provided by attorneys duly licensed to practice law in
14 North Carolina. The nonprofit corporation must have a governing structure that does not permit
15 an individual or group of individuals other than an attorney duly licensed to practice law in
16 North Carolina to control the manner or course of the legal services rendered and must
17 continually satisfy the criteria established by the Internal Revenue Service for 26 U.S.C. § 501
18 (c)(5) or (6) status, whether or not any action has been taken to revoke that status.
19 Notwithstanding any other provision of law, such a nonprofit corporation may charge for the
20 legal services of its officers, employees, and agents rendered to it members under this section,
21 may collect for those charges, and may compensate those who render the legal services."

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

