

BILL ANALYSIS

S.B. 313
By: Harris
Civil Practices
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, the income of an endowment for certain nonprofit institutions is not protected from civil judgments. Donors are not guaranteed that their donations will be protected.

S.B. 313 protects the income of an endowment in the collection of civil damages against certain nonprofit institutions.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

CSSB 313 amends Title 2C, Civil Practice and Remedies Code, by adding Chapter 40: AVAILABILITY OF CERTAIN FUNDS TO PAY DAMAGES. Prohibits a claimant from collecting damages awarded against certain nonprofit institutions, from an endowment fund, restricted fund, or similar fund if the fund or account is exempt from federal taxation, is used in funding care provided by the institution, and affiliated with a nonprofit religious organization described in the bill, the corpus of the fund or account is derived from donations or grants from third parties or public sources, and the use of the fund or account is temporarily or permanently restricted by the donor or grantor at the time the donation or grant is made.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

CSSB 313 differs from the engrossed version, by defining a nonprofit religious organization as one that is exempt from federal income tax under the Internal Revenue Code of 1986 and is a nonprofit religious organization described by 34 T.A.C. Section 3.322 (b)(3) or a local Jewish Federation.

CSSB 313 adds a designation for a specific purpose by the board of directors of an endowment at the time of a donation or grant as a way to permanently restrict that donation or grant.