

By: Rose

H.B. No. 974

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the treatment of certain local chambers of commerce as
3 charitable organizations for certain purposes.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

5 SECTION 1. Section 84.003(1), Civil Practice and Remedies
6 Code, is amended to read as follows:

7 (1) "Charitable organization" means:

8 (A) any organization exempt from federal income
9 tax under Section 501(a) of the Internal Revenue Code of 1986 by
10 being listed as an exempt organization in Section 501(c)(3) or
11 501(c)(4) of the code, if it is a nonprofit corporation,
12 foundation, community chest, or fund organized and operated
13 exclusively for charitable, religious, prevention of cruelty to
14 children or animals, youth sports and youth recreational,
15 neighborhood crime prevention or patrol, fire protection or
16 prevention, emergency medical or hazardous material response
17 services, or educational purposes, excluding private primary or
18 secondary schools, alumni associations and related on-campus
19 organizations, or is organized and operated exclusively for the
20 promotion of social welfare by being primarily engaged in promoting
21 the common good and general welfare of the people in a community;

22 (B) any bona fide charitable, religious,
23 prevention of cruelty to children or animals, youth sports and
24 youth recreational, neighborhood crime prevention or patrol, or

1 educational organization, excluding alumni associations and
2 related on-campus organizations, or other organization organized
3 and operated exclusively for the promotion of social welfare by
4 being primarily engaged in promoting the common good and general
5 welfare of the people in a community, and that:

6 (i) is organized and operated exclusively
7 for one or more of the above purposes;

8 (ii) does not engage in activities which in
9 themselves are not in furtherance of the purpose or purposes;

10 (iii) does not directly or indirectly
11 participate or intervene in any political campaign on behalf of or
12 in opposition to any candidate for public office;

13 (iv) dedicates its assets to achieving the
14 stated purpose or purposes of the organization;

15 (v) does not allow any part of its net
16 assets on dissolution of the organization to inure to the benefit of
17 any group, shareholder, or individual; and

18 (vi) normally receives more than one-third
19 of its support in any year from private or public gifts, grants,
20 contributions, or membership fees;

21 (C) a homeowners association as defined by
22 Section 528(c) of the Internal Revenue Code of 1986 or which is
23 exempt from federal income tax under Section 501(a) of the Internal
24 Revenue Code of 1986 by being listed as an exempt organization in
25 Section 501(c)(4) of the code; ~~[or]~~

26 (D) a volunteer center, as that term is defined
27 by Section 411.126, Government Code; or

1 (E) a local chamber of commerce that:

2 (i) is exempt from federal income tax under
3 Section 501(a) of the Internal Revenue Code of 1986 by being listed
4 as an exempt organization in Section 501(c)(6) of the code;

5 (ii) does not directly or indirectly
6 participate or intervene in any political campaign on behalf of or
7 in opposition to any candidate for public office; and

8 (iii) does not directly or indirectly
9 contribute to a political action committee that makes expenditures
10 to any candidates for public office.

11 SECTION 2. Section 84.007, Civil Practice and Remedies
12 Code, is amended by adding Subsection (h) to read as follows:

13 (h) This chapter does not apply to a cosponsor of an event or
14 activity with a local chamber of commerce unless the cosponsor is a
15 charitable organization under this chapter.

16 SECTION 3. This Act takes effect September 1, 2003, and
17 applies only to a cause of action that accrues on or after that
18 date. An action that accrues before the effective date of this Act
19 is governed by the law in effect when the action accrues, and the
20 former law is continued in effect for that purpose.