

AN ACT

relating to collection of civil damages awarded against certain nonprofit institutions.

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

SECTION 1. Subtitle C, Title 2, Civil Practice and Remedies Code, is amended by adding Chapter 40 to read as follows:

CHAPTER 40. AVAILABILITY OF CERTAIN FUNDS TO PAY DAMAGES

Sec. 40.001. ENDOWMENT OF CERTAIN NONPROFIT INSTITUTIONS.

(a) This section applies only to damages awarded against:

(1) a nonprofit institution or facility:

(A) licensed under Chapter 242, 246, or 247, Health and Safety Code, or Chapter 42, Human Resources Code; and

(B) that, before the date on which the action in which the damages are awarded is filed, is affiliated with:

(i) a nonprofit religious organization that is exempt from federal income tax under Section 501(c)(3), Internal Revenue Code of 1986, as amended, and that is a nonprofit religious organization described by 34 T.A.C. Section 3.322(b)(3), as that provision existed on January 1, 2003, or a convention or association of those organizations; or

(ii) a local Jewish Federation; or

(2) a program operated by an institution or facility described by Subdivision (1).

(b) A claimant may not collect damages awarded against an

1 institution, facility, or program described by Subsection (a) from
2 an endowment fund, restricted fund, or similar fund or account, or
3 the income derived from the corpus of the fund or account, if:

4 (1) the fund or account is exempt from federal
5 taxation;

6 (2) the corpus, income, or a distribution from the
7 fund or account is used to assist in funding care provided by a
8 nursing institution licensed under Chapter 242, Health and Safety
9 Code, and affiliated with an organization described by Subsection
10 (a)(1)(B);

11 (3) the corpus of the fund or account is derived from
12 donations or grants from third parties or public sources; and

13 (4) the use of the fund or account is temporarily or
14 permanently restricted:

15 (A) by the donor or grantor at the time the
16 donation or grant is made by:

17 (i) the express language, action, or
18 agreement of the donor or grantor; or

19 (ii) the manner in which the donation or
20 grant was solicited by the donee or grantee; or

21 (B) by the board governing the fund or account at
22 the time the donation or grant is accepted.

23 SECTION 2. Chapter 40, Civil Practice and Remedies Code, as
24 added by this Act, applies only to the collection of damages awarded
25 on or after the effective date of this Act. The collection of
26 damages awarded before the effective date of this Act is governed by
27 the law in effect immediately before the effective date of this Act,

1 and that law is continued in effect for that purpose.

2 SECTION 3. This Act takes effect immediately if it receives
3 a vote of two-thirds of all the members elected to each house, as
4 provided by Section 39, Article III, Texas Constitution. If this
5 Act does not receive the vote necessary for immediate effect, this
6 Act takes effect September 1, 2003.

President of the Senate

Speaker of the House

I hereby certify that S.B. No. 313 passed the Senate on March 27, 2003, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendments on May 14, 2003, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

I hereby certify that S.B. No. 313 passed the House, with amendments, on May 6, 2003, by the following vote: Yeas 143, Nays 0, two present not voting.

Chief Clerk of the House

Approved:

Date

Governor