

1-1 By: Deuell S.B. No. 360  
1-2 (In the Senate - Filed February 5, 2003; February 11, 2003,  
1-3 read first time and referred to Committee on State Affairs;  
1-4 February 26, 2003, reported favorably by the following vote: Yeas  
1-5 7, Nays 0; February 26, 2003, sent to printer.)

1-6 A BILL TO BE ENTITLED  
1-7 AN ACT

1-8 relating to the treatment of certain local chambers of commerce as  
1-9 charitable organizations for certain purposes.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Subdivision (1), Section 84.003, Civil Practice  
1-12 and Remedies Code, is amended to read as follows:

1-13 (1) "Charitable organization" means:

1-14 (A) any organization exempt from federal income  
1-15 tax under Section 501(a) of the Internal Revenue Code of 1986 by  
1-16 being listed as an exempt organization in Section 501(c)(3) or  
1-17 501(c)(4) of the code, if it is a nonprofit corporation,  
1-18 foundation, community chest, or fund organized and operated  
1-19 exclusively for charitable, religious, prevention of cruelty to  
1-20 children or animals, youth sports and youth recreational,  
1-21 neighborhood crime prevention or patrol, fire protection or  
1-22 prevention, emergency medical or hazardous material response  
1-23 services, or educational purposes, excluding private primary or  
1-24 secondary schools, alumni associations and related on-campus  
1-25 organizations, or is organized and operated exclusively for the  
1-26 promotion of social welfare by being primarily engaged in promoting  
1-27 the common good and general welfare of the people in a community;

1-28 (B) any bona fide charitable, religious,  
1-29 prevention of cruelty to children or animals, youth sports and  
1-30 youth recreational, neighborhood crime prevention or patrol, or  
1-31 educational organization, excluding alumni associations and  
1-32 related on-campus organizations, or other organization organized  
1-33 and operated exclusively for the promotion of social welfare by  
1-34 being primarily engaged in promoting the common good and general  
1-35 welfare of the people in a community, and that:

1-36 (i) is organized and operated exclusively  
1-37 for one or more of the above purposes;

1-38 (ii) does not engage in activities which in  
1-39 themselves are not in furtherance of the purpose or purposes;

1-40 (iii) does not directly or indirectly  
1-41 participate or intervene in any political campaign on behalf of or  
1-42 in opposition to any candidate for public office;

1-43 (iv) dedicates its assets to achieving the  
1-44 stated purpose or purposes of the organization;

1-45 (v) does not allow any part of its net  
1-46 assets on dissolution of the organization to inure to the benefit of  
1-47 any group, shareholder, or individual; and

1-48 (vi) normally receives more than one-third  
1-49 of its support in any year from private or public gifts, grants,  
1-50 contributions, or membership fees;

1-51 (C) a homeowners association as defined by  
1-52 Section 528(c) of the Internal Revenue Code of 1986 or which is  
1-53 exempt from federal income tax under Section 501(a) of the Internal  
1-54 Revenue Code of 1986 by being listed as an exempt organization in  
1-55 Section 501(c)(4) of the code; ~~or~~

1-56 (D) a volunteer center, as that term is defined  
1-57 by Section 411.126, Government Code; or

1-58 (E) a local chamber of commerce that:

1-59 (i) is exempt from federal income tax under  
1-60 Section 501(a) of the Internal Revenue Code of 1986 by being listed  
1-61 as an exempt organization in Section 501(c)(6) of the code;

1-62 (ii) does not directly or indirectly  
1-63 participate or intervene in any political campaign on behalf of or  
1-64 in opposition to any candidate for public office; and

2-1 (iii) does not directly or indirectly  
2-2 contribute to a political action committee that makes expenditures  
2-3 to any candidates for public office.

2-4 SECTION 2. Section 84.007, Civil Practice and Remedies  
2-5 Code, is amended by adding Subsection (h) to read as follows:

2-6 (h) This chapter does not apply to a cosponsor of an event or  
2-7 activity with a local chamber of commerce unless the cosponsor is a  
2-8 charitable organization under this chapter.

2-9 SECTION 3. This Act takes effect September 1, 2003, and  
2-10 applies only to a cause of action that accrues on or after that  
2-11 date. An action that accrues before the effective date of this Act  
2-12 is governed by the law in effect when the action accrues, and the  
2-13 former law is continued in effect for that purpose.

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