

## **BILL ANALYSIS**

C.S.H.B. 541  
By: Krusee  
Licensing & Administrative Procedures  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Current law provides for the ability of non-profit organizations to hold raffles for fundraising purposes, providing that a non-profit organization has existed for three preceding years. The law as currently written only allows non-profit organizations whose governing bodies are elected by members or delegates of members.

However, the vast majority of non-profit organizations in Texas are not voting membership corporations (i.e., the governing body is not elected directly by the membership.) Many of these organizations would otherwise qualify to conduct a raffle under the current statute, but either cannot take advantage of the fundraising potential of a successful raffle, or hold raffles in violation of the law.

C.S.H.B. 541 would change current law to allow an organization to hold raffles for fundraising purposes without an elected governing body.

### **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**

SECTION 1. Amends Section 2002.002, Occupations Code, by adding Subdivision (1-a), to define "money."

SECTION 2. Amends Sections 2002.003 (a), (b), and (c), Occupations Code, as follows:

(a)(2) Strikes language necessitating that a nonprofit organization have elected governing bodies to become licensed as a qualified nonprofit organization.

(b)(2) Strikes language necessitating that a nonprofit organization, formally recognized as and that operates as a local chapter, affiliate, unit, or subsidiary organization of a parent organization incorporated or holding a certificate, have elected governing bodies to become licensed as a qualified nonprofit organization.

(c)(2) Strikes language necessitating that an unincorporated organization, association, or society, have elected governing bodies to become licensed as a qualified nonprofit organization.

SECTION 3. Amends Section 2002.053, Occupations Code, requires that all proceeds from the sale of tickets for a raffle be spent for the charitable purposes of the qualified organization.

SECTION 4. Amends Section 2002.054(c), Occupations Code, by striking language to allow an organization may designate persons to sell raffle tickets on its behalf.

SECTION 5. Effective date: Immediately, or, if the Act does not receive the necessary vote, the Act is effective on September 1, 2005.

### **EFFECTIVE DATE**

C.S.H.B. 541 79(R)

Immediately, or, if the Act does not receive the necessary vote, the Act is effective on September 1, 2005.

**COMPARISON OF ORIGINAL TO SUBSTITUTE**

C.S.H.B. 541 modifies the original by providing the definition of "Money."

The substitute modifies the original by deleting language, and allowing for all three types of non-profit organizations in the state, rather than just one type, to conduct raffles without an elected governing body.

C.S.H.B. 541 modifies the original by requiring that all proceeds of raffle tickets be spent on charitable purposes of a qualified organization.

The substitute changes the original by striking a provision that would prohibit an organization from designating a person to sell raffle tickets on its behalf who is not a member.