

BILL ANALYSIS

S.B. No. 876
By: Lindsay
Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Nonprofit organizations organized under the Texas Non-Profit Corporation Act are required to annually prepare an audit report. Current law does not specify how quickly these reports must be completed.

Senate Bill No. 876 requires nonprofit corporations to complete financial activity of audit reports within 180 days, approximately six months, after the close of the fiscal year.

RULEMAKING AUTHORITY

It is the opinion of the Committee on Business and Industry that this bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION-BY-SECTION ANALYSIS

SECTION 1. Amends Article 2.23A, Texas Non-Profit Corporation Act (Article 1396-2.23A, V.T.C.S.), by amending Section B, to include a provision requiring the financial activity report of a nonprofit corporation to be completed not later than the 180th day after the close of the fiscal year and make conforming changes.

SECTION 2. Amends Section 22.352, Business Organizations Code, by adding Subsection (c), to require the financial report of a corporation to be completed not later than the 180th day after the close of each fiscal year.

SECTION 3. (a) Provides that, except as provided by Subsection (b) of this section, this Act goes into effect upon passage or September 1, 2005.

(b) Effective date for Section 2 of this Act: January 1, 2006.

EFFECTIVE DATE

SECTION 2 of the Act would take effect on January 1, 2006, while all remaining provisions would either take effect on September 1, 2005--or immediately, if the bill were to receive the super-majority votes in both houses of the legislature for immediate effect.