

By: Krusee

H.B. No. 541

A BILL TO BE ENTITLED

AN ACT

relating to the types of nonprofit organizations that may conduct raffles.

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

SECTION 1. Section 2002.002, Occupations Code, is amended by adding Subdivision (1-a) to read as follows:

(1-a) "Money" means coins, paper currency, or a negotiable instrument that represents and is readily convertible to coins or paper currency.

SECTION 2. Sections 2002.003(a), (b), and (c), Occupations Code, are amended to read as follows:

(a) An organization incorporated or holding a certificate of authority under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) is a qualified nonprofit organization for the purposes of this chapter if the organization:

(1) does not distribute any of its income to its members, officers, or governing body, other than as reasonable compensation for services;

(2) has existed for the three preceding years ~~and during those years has had a governing body or officers elected by a vote of its members or by a vote of delegates elected by its members~~];

(3) does not devote a substantial part of its

1 activities to attempting to influence legislation and does not  
2 participate or intervene in any political campaign on behalf of any  
3 candidate for public office in any manner, including by publishing  
4 or distributing statements or making campaign contributions;

5 (4) qualifies for and has obtained an exemption from  
6 federal income tax from the Internal Revenue Service under Section  
7 501(c), Internal Revenue Code of 1986; and

8 (5) does not have or recognize any local chapter,  
9 affiliate, unit, or subsidiary organization in this state.

10 (b) An organization that is formally recognized as and that  
11 operates as a local chapter, affiliate, unit, or subsidiary  
12 organization of a parent organization incorporated or holding a  
13 certificate of authority under the Texas Non-Profit Corporation Act  
14 (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) is a  
15 qualified nonprofit organization if:

16 (1) neither the local organization nor the parent  
17 organization distributes any of its income to its members,  
18 officers, or governing body, other than as reasonable compensation  
19 for services;

20 (2) the local organization has existed for the three  
21 preceding years and during those years[+]

22 [~~(A)~~ has had a governing body or officers elected  
23 by a vote of its members or by a vote of delegates elected by its  
24 members; or

25 [~~(B)~~] has been formally recognized as a local  
26 chapter, affiliate, unit, or subsidiary organization of the parent  
27 organization;

1           (3) neither the local organization nor the parent  
2 organization:

3                   (A) devotes a substantial part of its activities  
4 to attempting to influence legislation; or

5                   (B) participates or intervenes in any political  
6 campaign on behalf of any candidate for public office in any manner,  
7 including by publishing or distributing statements or making  
8 campaign contributions; and

9           (4) either the local organization or the parent  
10 organization qualifies for and has obtained an exemption from  
11 federal income tax from the Internal Revenue Service under Section  
12 501(c), Internal Revenue Code of 1986.

13           (c) An unincorporated organization, association, or society  
14 is a qualified nonprofit organization if it:

15                   (1) does not distribute any of its income to its  
16 members, officers, or governing body, other than as reasonable  
17 compensation for services;

18                   (2) for the three preceding years[+]

19                           ~~[(A) has had a governing body or officers elected~~  
20 ~~by a vote of members or by a vote of delegates elected by the~~  
21 ~~members; or~~

22                           ~~[(B)]~~ has been affiliated with a state or  
23 national organization organized to perform the same purposes as the  
24 unincorporated organization, association, or society;

25                   (3) does not devote a substantial part of its  
26 activities to attempting to influence legislation and does not  
27 participate or intervene in any political campaign on behalf of any

1 candidate for public office in any manner, including by publishing  
2 or distributing statements or making campaign contributions; and

3 (4) qualifies for and has obtained an exemption from  
4 federal income tax from the Internal Revenue Service under Section  
5 501(c), Internal Revenue Code of 1986.

6 SECTION 3. Section 2002.053, Occupations Code, is amended  
7 to read as follows:

8 Sec. 2002.053. USE OF RAFFLE PROCEEDS. All proceeds from  
9 the sale of tickets for a raffle must be spent for the charitable  
10 purposes of the qualified organization.

11 SECTION 4. Section 2002.054(c), Occupations Code, is  
12 amended to read as follows:

13 (c) The organization may not permit a person who is not [~~a~~  
14 ~~member of the organization or who is not~~] authorized by the  
15 organization to sell or offer to sell raffle tickets.

16 SECTION 5. This Act takes effect immediately if it receives  
17 a vote of two-thirds of all the members elected to each house, as  
18 provided by Section 39, Article III, Texas Constitution. If this  
19 Act does not receive the vote necessary for immediate effect, this  
20 Act takes effect September 1, 2005.