

AN ACT

relating to the conduct of charitable 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 activities to attempting to influence legislation and does not

1 participate or intervene in any political campaign on behalf of any  
2 candidate for public office in any manner, including by publishing  
3 or distributing statements or making campaign contributions;

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

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

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

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

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

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

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

27 (3) neither the local organization nor the parent

1 organization:

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

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

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

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

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

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

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

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

24 (3) does not devote a substantial part of its  
25 activities to attempting to influence legislation and does not  
26 participate or intervene in any political campaign on behalf of any  
27 candidate for public office in any manner, including by publishing

1 or distributing statements or making campaign contributions; and

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

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

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

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

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

15 SECTION 5. Section 2002.056, Occupations Code, is amended  
16 by amending Subsection (b) and adding Subsection (b-1) to read as  
17 follows:

18 (b) Except as provided by Subsections (b-1) and  
19 [~~Subsection~~] (c), the value of a prize offered or awarded at a  
20 raffle that is purchased by the organization or for which the  
21 organization provides any consideration may not exceed \$50,000.

22 (b-1) The value of a residential dwelling offered or awarded  
23 as a prize at a raffle that is purchased by the organization or for  
24 which the organization provides any consideration may not exceed  
25 \$250,000.

26 SECTION 6. The change in law made by this Act to Section  
27 2002.056, Occupations Code, applies to a raffle conducted under

1 Chapter 2002, Occupations Code, only if the prizes are awarded on or  
2 after the effective date of this Act. A raffle for which the prizes  
3 are awarded before the effective date of this Act is covered by the  
4 law in effect when the prizes were awarded, and the former law is  
5 continued in effect for purposes of any criminal liability arising  
6 under that law before the effective date of this Act.

7 SECTION 7. This Act takes effect immediately if it receives  
8 a vote of two-thirds of all the members elected to each house, as  
9 provided by Section 39, Article III, Texas Constitution. If this  
10 Act does not receive the vote necessary for immediate effect, this  
11 Act takes effect September 1, 2005.

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President of the Senate

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Speaker of the House

I certify that H.B. No. 541 was passed by the House on May 9, 2005, by the following vote: Yeas 144, Nays 0, 3 present, not voting; and that the House concurred in Senate amendments to H.B. No. 541 on May 27, 2005, by the following vote: Yeas 132, Nays 3, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 541 was passed by the Senate, with amendments, on May 23, 2005, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

APPROVED: \_\_\_\_\_

Date

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Governor