

1-1 By: Krusee (Senate Sponsor - Jackson) H.B. No. 541
1-2 (In the Senate - Received from the House May 10, 2005;
1-3 May 12, 2005, read first time and referred to Committee on State
1-4 Affairs; May 19, 2005, reported favorably by the following vote:
1-5 Yeas 8, Nays 0; May 19, 2005, sent to printer.)

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

1-8 relating to the types of nonprofit organizations that may conduct
1-9 raffles.

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

1-11 SECTION 1. Section 2002.002, Occupations Code, is amended
1-12 by adding Subdivision (1-a) to read as follows:

1-13 (1-a) "Money" means coins, paper currency, or a
1-14 negotiable instrument that represents and is readily convertible to
1-15 coins or paper currency.

1-16 SECTION 2. Sections 2002.003(a), (b), and (c), Occupations
1-17 Code, are amended to read as follows:

1-18 (a) An organization incorporated or holding a certificate
1-19 of authority under the Texas Non-Profit Corporation Act (Article
1-20 1396-1.01 et seq., Vernon's Texas Civil Statutes) is a qualified
1-21 nonprofit organization for the purposes of this chapter if the
1-22 organization:

1-23 (1) does not distribute any of its income to its
1-24 members, officers, or governing body, other than as reasonable
1-25 compensation for services;

1-26 (2) has existed for the three preceding years [~~and~~
1-27 ~~during those years has had a governing body or officers elected by a~~
1-28 ~~vote of its members or by a vote of delegates elected by its~~
1-29 ~~members~~];

1-30 (3) does not devote a substantial part of its
1-31 activities to attempting to influence legislation and does not
1-32 participate or intervene in any political campaign on behalf of any
1-33 candidate for public office in any manner, including by publishing
1-34 or distributing statements or making campaign contributions;

1-35 (4) qualifies for and has obtained an exemption from
1-36 federal income tax from the Internal Revenue Service under Section
1-37 501(c), Internal Revenue Code of 1986; and

1-38 (5) does not have or recognize any local chapter,
1-39 affiliate, unit, or subsidiary organization in this state.

1-40 (b) An organization that is formally recognized as and that
1-41 operates as a local chapter, affiliate, unit, or subsidiary
1-42 organization of a parent organization incorporated or holding a
1-43 certificate of authority under the Texas Non-Profit Corporation Act
1-44 (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) is a
1-45 qualified nonprofit organization if:

1-46 (1) neither the local organization nor the parent
1-47 organization distributes any of its income to its members,
1-48 officers, or governing body, other than as reasonable compensation
1-49 for services;

1-50 (2) the local organization has existed for the three
1-51 preceding years and during those years[+]

1-52 [~~(A) has had a governing body or officers elected~~
1-53 ~~by a vote of its members or by a vote of delegates elected by its~~
1-54 ~~members; or~~

1-55 [~~(B)~~] has been formally recognized as a local
1-56 chapter, affiliate, unit, or subsidiary organization of the parent
1-57 organization;

1-58 (3) neither the local organization nor the parent
1-59 organization:

1-60 (A) devotes a substantial part of its activities
1-61 to attempting to influence legislation; or

1-62 (B) participates or intervenes in any political
1-63 campaign on behalf of any candidate for public office in any manner,
1-64 including by publishing or distributing statements or making

2-1 campaign contributions; and
2-2 (4) either the local organization or the parent
2-3 organization qualifies for and has obtained an exemption from
2-4 federal income tax from the Internal Revenue Service under Section
2-5 501(c), Internal Revenue Code of 1986.

2-6 (c) An unincorporated organization, association, or society
2-7 is a qualified nonprofit organization if it:

2-8 (1) does not distribute any of its income to its
2-9 members, officers, or governing body, other than as reasonable
2-10 compensation for services;

2-11 (2) for the three preceding years[+
2-12 ~~[(A) has had a governing body or officers elected~~
2-13 ~~by a vote of members or by a vote of delegates elected by the~~
2-14 ~~members; or~~

2-15 ~~[(B)]~~ has been affiliated with a state or
2-16 national organization organized to perform the same purposes as the
2-17 unincorporated organization, association, or society;

2-18 (3) does not devote a substantial part of its
2-19 activities to attempting to influence legislation and does not
2-20 participate or intervene in any political campaign on behalf of any
2-21 candidate for public office in any manner, including by publishing
2-22 or distributing statements or making campaign contributions; and

2-23 (4) qualifies for and has obtained an exemption from
2-24 federal income tax from the Internal Revenue Service under Section
2-25 501(c), Internal Revenue Code of 1986.

2-26 SECTION 3. Section 2002.053, Occupations Code, is amended
2-27 to read as follows:

2-28 Sec. 2002.053. USE OF RAFFLE PROCEEDS. All proceeds from
2-29 the sale of tickets for a raffle must be spent for the charitable
2-30 purposes of the qualified organization.

2-31 SECTION 4. Section 2002.054(c), Occupations Code, is
2-32 amended to read as follows:

2-33 (c) The organization may not permit a person who is not [~~a~~
2-34 ~~member of the organization or who is not~~] authorized by the
2-35 organization to sell or offer to sell raffle tickets.

2-36 SECTION 5. This Act takes effect immediately if it receives
2-37 a vote of two-thirds of all the members elected to each house, as
2-38 provided by Section 39, Article III, Texas Constitution. If this
2-39 Act does not receive the vote necessary for immediate effect, this
2-40 Act takes effect September 1, 2005.

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