

By: Orr, Leibowitz

H.B. No. 1162

A BILL TO BE ENTITLED

1 AN ACT
2 relating to regulating the collection or solicitation of donated
3 goods subsequently sold by for-profit entities or individuals;
4 providing a civil penalty.

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

6 SECTION 1. Chapter 17, Business & Commerce Code, is amended
7 by adding Subchapter K to read as follows:

8 SUBCHAPTER K. REGULATING THE COLLECTION OR SOLICITATION BY
9 FOR-PROFIT ENTITIES OF CERTAIN PUBLIC DONATIONS

10 Sec. 17.921. DEFINITIONS. In this subchapter:

11 (1) "Charitable organization" means an organization
12 that is exempt from federal income tax under Section 501(a) of the
13 Internal Revenue Code of 1986 by being listed as an exempt
14 organization in Section 501(c) of that code.

15 (2) "For-profit entity" has the meaning assigned by
16 Section 1.002, Business Organizations Code.

17 (3) "Household goods" mean furniture, furnishings, or
18 personal effects used or for use in a dwelling.

19 (4) "Public donations receptacle" means a large
20 container or bin in a parking lot or public place that is intended
21 for use as a collection point for clothing or household goods
22 donated by the public.

23 Sec. 17.922. REQUIRED DISCLOSURE FOR COLLECTIONS THROUGH
24 PUBLIC RECEPTACLE. (a) A for-profit entity or individual may not

1 use a public donations receptacle to collect donated clothing or
2 household goods and subsequently sell the donated items unless the
3 for-profit entity or individual attaches to the receptacle a notice
4 that:

5 (1) is permanently and prominently displayed on the
6 front and at least one side of the receptacle;

7 (2) is in bold print, with letters at least two inches
8 in height and one inch in width;

9 (3) contains the business address, other than a post
10 office box number, and telephone number of the for-profit entity or
11 individual; and

12 (4) contains the appropriate disclosure prescribed by
13 this section.

14 (b) If none of the proceeds from the sale of the donated
15 items will be given to a charitable organization, the disclosure
16 required by Subsection (a)(4) must state:

17 "DONATIONS ARE NOT FOR CHARITABLE ORGANIZATIONS AND WILL BE
18 SOLD FOR PROFIT."

19 (c) If any of the proceeds from the sale of the donated items
20 will be given to a charitable organization, the disclosure required
21 by Subsection (a)(4) must state:

22 "DONATIONS ARE TO (NAME OF FOR-PROFIT ENTITY OR INDIVIDUAL)
23 AND WILL BE SOLD FOR PROFIT. _____ PERCENT (INSERT PERCENTAGE) OF
24 ALL PROCEEDS WILL BE DONATED TO (NAME OF CHARITABLE ORGANIZATION)."

25 (d) If the for-profit entity or individual pays to a
26 charitable organization a flat fee that is not contingent on the
27 proceeds generated from the sale of the donated items, and the

1 for-profit entity or individual retains a percentage of the
2 proceeds from the sale, the disclosure required by Subsection
3 (a)(4) must state:

4 "THIS DONATION RECEIPT IS OPERATED BY (NAME OF FOR-PROFIT
5 ENTITY OR INDIVIDUAL) ON BEHALF OF (NAME OF CHARITABLE
6 ORGANIZATION). Donations are sold for profit by (name of
7 for-profit entity or individual) and a flat fee of (insert amount)
8 is paid to (name of charitable organization)."

9 Sec. 17.923. REQUIRED DISCLOSURES FOR TELEPHONE OR
10 DOOR-TO-DOOR SOLICITATIONS. (a) A for-profit entity or individual
11 who makes, or directs another person to make, a telephone or
12 door-to-door solicitation requesting that the person solicited
13 donate clothing or household goods may not subsequently sell the
14 donated items unless the solicitor provides to each person
15 solicited, before accepting a donation from the person, the
16 appropriate disclaimer prescribed by this section.

17 (b) If none of the proceeds from the sale of the donated
18 items will be given to a charitable organization, the solicitor
19 must state:

20 "DONATIONS ARE NOT FOR CHARITABLE ORGANIZATIONS AND WILL BE
21 SOLD FOR PROFIT."

22 (c) If any of the proceeds from the sale of the donated items
23 will be given to a charitable organization, the solicitor must
24 state:

25 "DONATIONS TO (NAME OF FOR-PROFIT ENTITY OR INDIVIDUAL) WILL
26 BE SOLD FOR PROFIT AND _____ PERCENT (INSERT PERCENTAGE) OF ALL
27 PROCEEDS WILL BE DONATED TO (NAME OF CHARITABLE ORGANIZATION)."

1 (d) If the for-profit entity or individual pays to a
2 charitable organization a flat fee that is not contingent on the
3 proceeds generated from the sale of the donated items and the
4 for-profit entity or individual retains a percentage of the
5 proceeds from the sale, the solicitor must state:

6 "SOLICITATIONS FOR DONATIONS ARE MADE BY (NAME OF FOR-PROFIT
7 ENTITY OR INDIVIDUAL) ON BEHALF OF (NAME OF CHARITABLE
8 ORGANIZATION). Donations will be sold for profit by (name of
9 for-profit entity or individual) and a flat fee of (insert amount)
10 is paid to (name of charitable organization)."

11 Sec. 17.924. REQUIRED DISCLOSURES FOR MAIL SOLICITATIONS.

12 (a) A for-profit entity or individual who mails, or directs another
13 person to mail, a solicitation requesting that the recipient donate
14 clothing or household goods may not subsequently sell the donated
15 items unless the solicitor includes with the mailed solicitation
16 the appropriate disclosure prescribed by this section, prominently
17 displayed in boldfaced type or capital letters.

18 (b) If none of the proceeds from the sale of the donated
19 items will be given to a charitable organization, the disclosure
20 required by Subsection (a) must state:

21 "DONATIONS ARE NOT FOR CHARITABLE ORGANIZATIONS AND WILL BE
22 SOLD FOR PROFIT."

23 (c) If any of the proceeds from the sale of the donated items
24 will be given to a charitable organization, the disclosure required
25 by Subsection (a) must state:

26 "DONATIONS TO (NAME OF FOR-PROFIT ENTITY OR INDIVIDUAL) WILL
27 BE SOLD FOR PROFIT AND _____ PERCENT (INSERT PERCENTAGE) OF ALL

1 PROCEEDS WILL BE DONATED TO (NAME OF CHARITABLE ORGANIZATION)."

2 (d) If the for-profit entity or individual pays to a
3 charitable organization a flat fee that is not contingent on the
4 proceeds generated from the sale of the donated items and the
5 for-profit entity or individual retains a percentage of the
6 proceeds from the sale, the disclosure required by Subsection (a)
7 must state:

8 "SOLICITATIONS FOR DONATIONS ARE MADE BY (NAME OF FOR-PROFIT
9 ENTITY OR INDIVIDUAL) ON BEHALF OF (NAME OF CHARITABLE
10 ORGANIZATION). Donations will be sold for profit by (name of
11 for-profit entity or individual) and a flat fee of (insert amount)
12 is paid to (name of charitable organization)."

13 Sec. 17.925. LOCAL ORDINANCE OR REGULATION. Nothing in
14 this subchapter shall be construed to limit the authority of a local
15 government to adopt an ordinance or regulation relating to the use
16 of public donations receptacles as a collection point for donated
17 clothing or household goods if the ordinance or regulation is
18 compatible with and equal to or more stringent than a requirement
19 prescribed by this subchapter.

20 Sec. 17.926. CIVIL PENALTY. (a) Except as provided by
21 Subsection (b), a person who violates this subchapter is liable to
22 this state for a civil penalty in an amount not to exceed \$500 for
23 each violation. Each sale of a donated item is considered a
24 separate violation for purposes of this subsection.

25 (b) The total amount of penalties that may be imposed under
26 Subsection (a) may not exceed \$2,000 for donated items sold during a
27 single transaction.

1 (c) In determining the amount of the civil penalty imposed
2 under this section, the court shall consider the amount necessary
3 to deter future violations.

4 (d) The attorney general or the prosecuting attorney in the
5 county in which the violation occurs may bring an action to recover
6 the civil penalty imposed under this section. In this subsection,
7 "prosecuting attorney" has the meaning assigned by Section 41.101,
8 Government Code.

9 SECTION 2. This Act takes effect September 1, 2009.