

BILL ANALYSIS

C.S.H.B. 3573
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Business & Industry
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Charitable giving through philanthropic organizations is an effective way to support those citizens who are in need while reducing demand for services provided by the government. Interested parties note that such organizations have a right to self-governance and to direct where donated money is allocated. C.S.H.B. 3573 seeks to establish provisions relating to limiting the disclosure of certain information regarding certain charitable organizations, trusts, private foundations, and grant-making organizations in order to encourage giving in the private sector.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3573 amends the Government Code to prohibit a governmental entity, unless the individual has given written consent to the disclosure, from requiring a charitable organization, private foundation trust, split interest trust, or private foundation to disclose the race, religion, gender, national origin, socioeconomic status, age, ethnicity, disability, marital status, sexual orientation, or political party registration of an employee, officer, director, trustee, or member of the organization, trust, or foundation. The bill prohibits a governmental entity, unless the individual has given written consent to the disclosure, from requiring a private foundation, private foundation trust, split interest trust, or grant-making organization to disclose the race, religion, gender, national origin, socioeconomic status, age, ethnicity, disability, marital status, sexual orientation, or political party registration of a person who receives money or in-kind contributions from or contracts with the foundation, trust, or organization or of an employee, officer, director, trustee, member, or owner of an entity that receives money or in-kind contributions from or contracts with the foundation, trust, or organization.

C.S.H.B. 3573 prohibits a governmental entity from requiring that the governing board or officers of a charitable organization, private foundation trust, split interest trust, or private foundation include an individual of any particular race, religion, gender, national origin, socioeconomic status, age, ethnicity, disability, marital status, sexual orientation, or political party registration. The bill prohibits a governmental entity from prohibiting an individual from serving as a board member or officer of the organization, trust, or foundation based on the individual's familial relationship to another board member or officer of the organization, trust, or foundation or to a donor to the organization, trust, or foundation. The bill prohibits a governmental entity from requiring the governing board or officers of the organization, trust, or foundation to include one or more individuals who do not share a familial relationship with the board members or officers or with a donor.

C.S.H.B. 3573 prohibits a governmental entity, except as a condition on the expenditure of particular funds imposed by the donor of the funds, from requiring a charitable organization, private foundation trust, split interest trust, or private foundation to distribute its funds to or

contract with a person or entity based on the race, religion, gender, national origin, socioeconomic status, age, ethnicity, disability, marital status, sexual orientation, or political party registration of the person or of an employee, officer, director, trustee, member, or owner of the entity, or of the populations, locales, or communities served by the person or entity. The bill establishes that these provisions do not limit the authority of the attorney general to investigate or enforce state law in accordance with the attorney general's duty to protect the public interest in charity.

C.S.H.B. 3573 defines "grant-making organization" and "split interest trust" and provides for the meaning of "private foundation" by reference to the federal Internal Revenue Code of 1986. The bill defines "charitable organization" and specifies that the term does not include a property owners' or homeowners' association.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 3573 differs from the original, in the definition of "charitable organization," by specifying that the term does not include a property owners' or homeowners' association, whereas the original does not make that specification in that definition.

C.S.H.B. 3573 differs from the original, in the provision prohibiting a governmental entity from requiring a charitable organization, private foundation trust, split interest trust, or private foundation to disclose certain identifying information relating to an individual, by specifying that the individual is an employee, officer, director, trustee, or member of the organization, trust, or foundation, whereas the original includes an owner of the organization, trust, or foundation among those individuals.

C.S.H.B. 3573 contains a provision not included in the original establishing that the prohibition on a governmental entity from requiring a charitable organization, private foundation trust, split interest trust, or private foundation to distribute its funds to or contract with certain persons or entities based on such identifying information does not limit the authority of the attorney general to investigate or enforce state law in accordance with the attorney general's duty to protect the public interest in charity.