BILL ANALYSIS

H.B. 3479
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Business & Industry
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties explain that some nonprofit corporations are partnering with other nonprofit corporations to undertake joint venture projects and, in doing so, are forming a new nonprofit corporation with the initial corporations as members. If the new joint venture entity makes a profit or has excess funds, the parties contend, those funds cannot be distributed to the joint venture's members. H.B. 3479 seeks to address this concern by creating an exception to the general prohibition on distributing funds to a nonprofit corporation's members.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

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

H.B. 3479 amends the Business Organizations Code to authorize a domestic nonprofit corporation to make distributions of its income to the corporation's members who are nonprofit corporations listed under the federal Internal Revenue Code of 1986 as charitable organizations exempted from federal income tax if the distributions are made in accordance with the purpose or purposes of the corporation as stated in the certificate of formation and with the fiduciary responsibilities of the board of directors, including the duty to safeguard restricted funds for their intended purposes and if, after the distributions are complete, the corporation would be able to pay the corporation's debts as they become due in the usual course of its activities and the corporation's total assets would at least equal the sum of its total liabilities.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.