

1-1 By: Taylor of Galveston S.B. No. 1233
 1-2 (In the Senate - Filed March 11, 2015; March 17, 2015, read
 1-3 first time and referred to Committee on Business and Commerce;
 1-4 April 20, 2015, reported favorably by the following vote: Yeas 8,
 1-5 Nays 0; April 20, 2015, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7				
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16			X	

1-17 A BILL TO BE ENTITLED
 1-18 AN ACT

1-19 relating to authorizing certain distributions of income from a
 1-20 nonprofit corporation to members of the corporation who are certain
 1-21 nonprofit corporations.

1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-23 SECTION 1. Section 22.001(5), Business Organizations Code,
 1-24 is amended to read as follows:

1-25 (5) "Nonprofit corporation" means a corporation no
 1-26 part of the income of which is distributable to a member, director,
 1-27 or officer of the corporation, except as provided by Section
 1-28 22.054.

1-29 SECTION 2. Section 22.053, Business Organizations Code, is
 1-30 amended to read as follows:

1-31 Sec. 22.053. DIVIDENDS PROHIBITED. Except as provided by
 1-32 Section 22.054, a [A] dividend may not be paid to, and no part of the
 1-33 income of a corporation may be distributed to, the corporation's
 1-34 members, directors, or officers.

1-35 SECTION 3. Section 22.054, Business Organizations Code, is
 1-36 amended to read as follows:

1-37 Sec. 22.054. AUTHORIZED BENEFITS AND DISTRIBUTIONS. A
 1-38 corporation may:

1-39 (1) pay compensation in a reasonable amount to the
 1-40 members, directors, or officers of the corporation for services
 1-41 provided;

1-42 (2) confer benefits on the corporation's members in
 1-43 conformity with the corporation's purposes; ~~and~~

1-44 (3) make distributions to the corporation's members on
 1-45 winding up and termination to the extent authorized by this
 1-46 chapter; and

1-47 (4) make distributions of its income to the
 1-48 corporation's members who are nonprofit corporations organized
 1-49 under this code and who are exempt from income taxation under
 1-50 Section 501(a), Internal Revenue Code of 1986, by being listed
 1-51 under Section 501(c)(3) of that code, if:

1-52 (A) the distributions are made in accordance with
 1-53 the purpose or purposes of the corporation as stated in the
 1-54 certificate of formation and with the fiduciary responsibilities of
 1-55 the board of directors, including the duty to safeguard restricted
 1-56 funds for their intended purposes; and

1-57 (B) after the distributions are complete:

1-58 (i) the corporation would be able to pay the
 1-59 corporation's debts as they become due in the usual course of its
 1-60 activities; and

1-61 (ii) the corporation's total assets would

2-1 at least equal the sum of its total liabilities.

2-2 SECTION 4. This Act takes effect immediately if it receives
2-3 a vote of two-thirds of all the members elected to each house, as
2-4 provided by Section 39, Article III, Texas Constitution. If this
2-5 Act does not receive the vote necessary for immediate effect, this
2-6 Act takes effect September 1, 2015.

2-7

* * * * *