

BILL ANALYSIS

C.S.H.B. 2650
By: Villalba
Business & Industry
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that certain deposits made by a person to join a membership program should not be treated as abandoned personal property under certain conditions. C.S.H.B. 2650 seeks to implement this change.

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

C.S.H.B. 2650 amends the Property Code to establish that a membership initiation deposit that is paid to join a club membership program operated by a business that provides a member access to or the use of entertainment, recreation, sports, dining, or social facilities and other related real property is not presumed to be abandoned personal property if the member forfeits the deposit under the terms of an agreement between the member and the business that sold the membership or if the deposit is included as discharge of indebtedness income on the federal income tax return of the business that sold the membership.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2650 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Subchapter B, Chapter 72, Property Code, is amended by adding Section 72.1018 to read as follows:
Sec. 72.1018. Membership Initiation Payments. (a) In this section, "membership

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter B, Chapter 72, Property Code, is amended by adding Section 72.1018 to read as follows:
Sec. 72.1018. MEMBERSHIP INITIATION DEPOSITS. (a) In this

initiation payment" means a payment that:
(1) is paid by a person to join a membership program; and,
(2) may be refundable under the terms of a membership agreement.

(b) A membership initiation payment is not presumed abandoned under this chapter when the member has not forfeited the refund and the person receiving the membership initiation payment incurs discharge of indebtedness income on its state and/or federal tax returns when due.

SECTION 2. EFFECTIVE DATE. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.

section, "membership initiation deposit" means an amount of money paid to join a club membership program operated by a business that provides a member access to or the use of entertainment, recreation, sports, dining, or social facilities and other related real property.

(b) A membership initiation deposit is not presumed abandoned if:
(1) the member forfeits the deposit under the terms of an agreement between the member and the business that sold the membership; or
(2) the deposit is included as discharge of indebtedness income on the federal income tax return of the business that sold the membership.

SECTION 2. Substantially the same as introduced version.