

By: Geren

H.B. No. 578

A BILL TO BE ENTITLED

AN ACT

relating to the characterization of certain membership initiation payments as abandoned property.

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

SECTION 1. Section 72.101(a), Property Code, is amended to read as follows:

(a) Except as provided by this section and Sections 72.1015, 72.1016, 72.1017, 72.1018, 72.102, and 72.104, personal property is presumed abandoned if, for longer than three years:

(1) the existence and location of the owner of the property is unknown to the holder of the property; and

(2) according to the knowledge and records of the holder of the property, a claim to the property has not been asserted or an act of ownership of the property has not been exercised.

SECTION 2. 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 initiation payment" means an amount that:

(1) is paid as a condition of joining a membership-based program offered by a business entity that uses the payment to provide:

(A) services or the use of the business entity's facilities to members; or

1 (B) maintenance and capital improvements to the
2 business entity's facilities; and

3 (2) may be refundable under the terms of the business
4 membership agreement.

5 (b) This section applies to a membership initiation payment
6 regardless of whether the payment is designated as a deposit or
7 similar designation.

8 (c) A membership initiation payment is not presumed to be
9 abandoned under this chapter unless the business entity sets aside
10 or holds in escrow the payment to satisfy the financial obligation
11 of the member under the membership agreement.

12 SECTION 3. This Act takes effect immediately if it receives
13 a vote of two-thirds of all the members elected to each house, as
14 provided by Section 39, Article III, Texas Constitution. If this
15 Act does not receive the vote necessary for immediate effect, this
16 Act takes effect September 1, 2019.