

By: Hughes

S.B. No. 1463

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the availability of financial information of nonprofit  
3 corporations for public inspection.

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

5 SECTION 1. Section [22.353](#), Business Organizations Code, is  
6 amended by adding Subsections (a-1), (c), (d), (e), (f), and (g) to  
7 read as follows:

8 (a-1) For purposes of this section, "records, books, and  
9 annual reports" of a corporation's financial activity:

10 (1) include:

11 (A) financial records required to be maintained  
12 and annual financial reports prepared or approved under Section  
13 [22.352](#);

14 (B) any document the Internal Revenue Service  
15 requires a corporation that is tax exempt under Section 501(a),  
16 Internal Revenue Code of 1986, by being listed as an exempt entity  
17 under Section 501(c) of that code, to make available to the public;

18 (C) documents containing salary or other  
19 information related to the compensation of each employee who  
20 receives more than \$75,000 annually from the corporation;

21 (D) other annual reports produced by the  
22 corporation;

23 (E) financial statements, including audited  
24 financial statements; and

1           (F) management representation letters prepared  
2 in connection with an audit of the corporation; and

3           (2) do not include:

4           (A) contracts and agreements, including  
5 operating and settlement agreements;

6           (B) employee personnel files;

7           (C) donor names;

8           (D) sponsor information; or

9           (E) sensitive personal information, including  
10 addresses, bank account numbers, and social security numbers.

11           (c) If a corporation anticipates that the fee to be charged  
12 for preparing a copy of a record or report under Subsection (b) will  
13 exceed \$100, the corporation may provide notice to the person  
14 requesting the copy requiring the person to pay a deposit of all or  
15 a portion of the anticipated fee for preparing the copy. The  
16 corporation may treat all requests for copies received by the  
17 corporation during seven consecutive calendar days from a single  
18 person, mailing address, or e-mail address as a single request for  
19 purposes of calculating the anticipated fee under this subsection.  
20 On the date a corporation provides a copy or copies of a record or  
21 report for which the corporation accepted a deposit under this  
22 subsection, the corporation shall refund to the requestor the  
23 difference between the accepted deposit and the actual costs  
24 incurred by the corporation in providing the copy or copies.

25           (d) A requestor who fails to pay a deposit required under  
26 Subsection (c) not later than the 15th business day after the date  
27 the requestor receives notice of the deposit from the corporation

1 is considered to have withdrawn the request for the copy or copies  
2 under this section. A person whose request is considered withdrawn  
3 under this subsection is not precluded from submitting a new  
4 request to the corporation for the same records or reports.

5 (e) A corporation may establish a reasonable monthly limit  
6 of not less than 15 hours on the total amount of hours per calendar  
7 month that the corporation's personnel may spend responding to two  
8 or more requests for copies submitted to the corporation by a single  
9 requestor during a calendar month.

10 (f) Each time a corporation that establishes a monthly time  
11 limit under Subsection (e) complies with a request for a copy or  
12 copies under this section, the corporation shall provide to the  
13 requestor a written statement of the monthly hour limit established  
14 under that subsection, the amount of time corporation personnel  
15 spent complying with the request, and the cumulative amount of time  
16 spent by corporation personnel complying with all requests from  
17 that requestor during the applicable calendar month in which the  
18 request is made. The corporation may not include the amount of time  
19 spent by personnel in preparing a written statement required by  
20 this subsection in calculating the amount of time spent complying  
21 with a request. A corporation that provides a written statement to  
22 a requestor as required by this subsection is not required to  
23 respond to additional requests for copies from a requestor who has  
24 exceeded the monthly time limit until the following calendar month.

25 (g) If a corporation determines that all or part of a  
26 person's request for copies is duplicative of a request for which  
27 the corporation has previously provided copies to that person, the

1 corporation is not required to provide the duplicative copies to  
2 the requestor and shall certify to the requestor that copies of all  
3 or part of the requested record or report, as applicable, were  
4 previously provided to the requestor and that the corporation is  
5 not required to provide the duplicative copies to the requestor.

6 SECTION 2. This Act takes effect September 1, 2019.