

BILL ANALYSIS

Senate Research Center
88R18827 JES-F

H.B. 1957
By: Geren (King)
Business & Commerce
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under state law, nonprofit corporations are required to maintain current and accurate financial records with complete entries as to each financial transaction of the corporation. Moreover, nonprofit corporations must keep records, books, and annual reports of the corporation's financial activity and make those documents available to the public for inspection and copying.

Current law is ambiguous and does not specify what documents are included as part of the corporation's records, books, and reports, and this lack of clarity can cause confusion for nonprofit corporations attempting to comply with the statute. H.B. 1957 seeks to add clarity to state law for nonprofit corporations regarding the type of documents that must be kept and made available to the public by specifying that such documents are the same documents that such a corporation must make available for public inspection as a 501(c)(3) tax-exempt organization under federal law.

H.B. 1957 amends current law relating to the availability of financial information of nonprofit corporations for public inspection.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 22.353, Business Organizations Code, as follows:

Sec. 22.353. AVAILABILITY OF FINANCIAL INFORMATION FOR PUBLIC INSPECTION. (a) Requires a corporation to keep each document the corporation is required to make available for public inspection as an entity that is exempt from income taxation under Section 501(a), Internal Revenue Code of 1986, by being listed as an exempt organization under Section 501(c)(3) of that code, rather than the records, books, and annual reports of the corporation's financial activity, at the corporation's registered or principal office in this state for at least three years after the close of the fiscal year.

(b) Requires the corporation to make the documents described by Subsection (a), rather than records, books, and reports, available to the public for inspection and copying at the corporation's registered or principal office during regular business hours. Authorizes the corporation to charge a reasonable fee for preparing a copy of a document, rather than a record or report.

SECTION 2. Effective date: September 1, 2023.