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AN ACT

relating to the treatment of certain local chambers of commerce as charitable organizations for certain purposes.

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

SECTION 1. Subdivision (1), Section 84.003, Civil Practice and Remedies Code, is amended to read as follows:

(1) "Charitable organization" means:

(A) any organization exempt from federal income tax under Section 501(a) of the Internal Revenue Code of 1986 by being listed as an exempt organization in Section 501(c)(3) or 501(c)(4) of the code, if it is a nonprofit corporation, foundation, community chest, or fund organized and operated exclusively for charitable, religious, prevention of cruelty to children or animals, youth sports and youth recreational, neighborhood crime prevention or patrol, fire protection or prevention, emergency medical or hazardous material response services, or educational purposes, excluding private primary or secondary schools, alumni associations and related on-campus organizations, or is organized and operated exclusively for the promotion of social welfare by being primarily engaged in promoting the common good and general welfare of the people in a community;

(B) any bona fide charitable, religious, prevention of cruelty to children or animals, youth sports and youth recreational, neighborhood crime prevention or patrol, or

1 educational organization, excluding alumni associations and  
2 related on-campus organizations, or other organization organized  
3 and operated exclusively for the promotion of social welfare by  
4 being primarily engaged in promoting the common good and general  
5 welfare of the people in a community, and that:

6 (i) is organized and operated exclusively  
7 for one or more of the above purposes;

8 (ii) does not engage in activities which in  
9 themselves are not in furtherance of the purpose or purposes;

10 (iii) does not directly or indirectly  
11 participate or intervene in any political campaign on behalf of or  
12 in opposition to any candidate for public office;

13 (iv) dedicates its assets to achieving the  
14 stated purpose or purposes of the organization;

15 (v) does not allow any part of its net  
16 assets on dissolution of the organization to inure to the benefit of  
17 any group, shareholder, or individual; and

18 (vi) normally receives more than one-third  
19 of its support in any year from private or public gifts, grants,  
20 contributions, or membership fees;

21 (C) a homeowners association as defined by  
22 Section 528(c) of the Internal Revenue Code of 1986 or which is  
23 exempt from federal income tax under Section 501(a) of the Internal  
24 Revenue Code of 1986 by being listed as an exempt organization in  
25 Section 501(c)(4) of the code; [~~or~~]

26 (D) a volunteer center, as that term is defined  
27 by Section 411.126, Government Code; or

1                   (E) a local chamber of commerce that:

2                   (i) is exempt from federal income tax under  
3 Section 501(a) of the Internal Revenue Code of 1986 by being listed  
4 as an exempt organization in Section 501(c)(6) of the code;

5                   (ii) does not directly or indirectly  
6 participate or intervene in any political campaign on behalf of or  
7 in opposition to any candidate for public office; and

8                   (iii) does not directly or indirectly  
9 contribute to a political action committee that makes expenditures  
10 to any candidates for public office.

11           SECTION 2. Section 84.007, Civil Practice and Remedies  
12 Code, is amended by adding Subsection (h) to read as follows:

13           (h) This chapter does not apply to:

14                   (1) a statewide trade association that represents  
15 local chambers of commerce; or

16                   (2) a cosponsor of an event or activity with a local  
17 chamber of commerce unless the cosponsor is a charitable  
18 organization under this chapter.

19           SECTION 3. This Act takes effect September 1, 2003, and  
20 applies only to a cause of action that accrues on or after that  
21 date. An action that accrues before the effective date of this Act  
22 is governed by the law in effect when the action accrues, and the  
23 former law is continued in effect for that purpose.

David Newhall  
President of the Senate

Tom Coburn  
Speaker of the House

I hereby certify that S.B. No. 360 passed the Senate on March 11, 2003, by a viva-voce vote; and that the Senate concurred in House amendment on May 6, 2003, by a viva-voce vote. \_\_\_\_\_

Arseny Spaw  
Secretary of the Senate

I hereby certify that S.B. No. 360 passed the House, with amendment, on May 1, 2003, by a non-record vote. \_\_\_\_\_

Robert Honey  
Chief Clerk of the House

Approved:

20 MAY '03

Date

Rick Perry  
Governor

FILED IN THE OFFICE OF THE  
SECRETARY OF STATE  
5:10 pm O'CLOCK

Arseny Spaw  
Secretary of State