

BILL ANALYSIS

Senate Research Center

H.B. 3203
By: Counts (Duncan)
Finance
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Engrossed

DIGEST

Under current law, agricultural cooperatives and electric cooperatives must report and deliver all funds unclaimed or abandoned by their members to the comptroller. The sources of the unclaimed or abandoned funds are primarily capital credits (money that members are entitled to receive back from their cooperative) and customer deposits; they become unclaimed when the cooperative members can no longer be found because they have moved away or passed away.

Since the funds were generated in their local communities in the first place, members of the cooperatives believe that retaining the money for use in local communities is a better use of the money than sending it to Austin. This bill closely mirrors legislation passed by the 74th Legislature for nonprofit telephone cooperatives.

PURPOSE

As proposed, H.B. 3203 gives nonprofit agricultural and electric cooperatives the option of retaining unclaimed funds for local scholarships or to stimulate rural economic development.

RULEMAKING AUTHORITY

Rulemaking authority is granted to the comptroller in SECTION 1 (Sections 74.3013(e) and (f), Property Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 74D, Property Code, by adding Section 74.3013, as follows:

Sec. 74.3013. DELIVERY OF MONEY FOR RURAL SCHOLARSHIP AND ECONOMIC DEVELOPMENT. Authorizes a nonprofit cooperative corporation to deliver reported money to a scholarship fund for certain purposes. Authorizes a nonprofit cooperative corporation to deliver reported money under certain conditions. Sets forth requirements for delivering reported money to a scholarship fund. Require the comptroller to prescribe certain forms and procedures. Sets forth the amount of money that may be transferred by a nonprofit cooperative corporation. Requires the comptroller to adopt certain procedures to record the total transferred. Authorizes a nonprofit cooperative corporation to combine certain funds and engage in certain business and commercial activities. Defines "nonprofit cooperative corporation."

SECTION 2. Amends Section 51.004(a), Agriculture Code, to authorize a society to deliver money to a scholarship fund for rural students.

SECTION 3. Amends Section 52.013, Agriculture Code, to authorize a marketing association to deliver money to a scholarship fund for rural students.

SECTION 4. Amends Section 4, Article 1528b, V.T.C.S. (Electric Cooperative Corporation Act), to require a corporation to engage in activities for additional purposes as may be engaged by a corporation organized under Article 1369-2.01, V.T.C.S. (Texas Non-Profit Corporation Act).

SECTION 5. Amends Article 2.02A, Article 1369, V.T.C.S. (Texas Non-Profit Corporation Act),

to make a conforming change.

SECTION 6. Amends Section 6, Article 1369-50.01, V.T.C.S. (Cooperative Association Act), to make a conforming change.

SECTION 7. Effective date: September 1, 1997.

SECTION 8. Emergency clause.