

BILL ANALYSIS

Senate Research Center

C.S.S.B. 1948
By: Sibley
Economic Development
5-9-97
Committee Report (Substituted)

DIGEST

Charitable gift annuities have been used in Texas for over 50 years. The 74th Legislature passed H.B. 3104 to clarify that, under existing law, charitable gift annuities have always been recognized as legal in Texas. However, a federal court has recently ruled that it is unclear whether the 1995 legislation was intended to apply to those charitable gift annuities whose status was being challenged in pending lawsuits. This bill will make it clear that the 1995 legislation applies to all charitable gift annuities, and provides that an annuity treated by a donor as a charitable gift annuity for any federal tax purposes shall be considered to be a charitable gift annuity in any legal proceeding brought by or on behalf of the donor.

PURPOSE

As proposed, C.S.S.B. 1948 provides regulations regarding the treatment of certain annuities as charitable gift annuities and the applications of the Insurance Code and certain other laws to charitable gift annuities.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Article 1.14-1A, Insurance Code, by adding Section 7, as follows:

Sec. 7. TREATMENT OF ANNUITY AS CHARITABLE GIFT ANNUITY. Provides that any annuity treated by the donor as a charitable gift annuity for any federal tax purpose shall be considered in any litigation or proceeding brought by or on behalf of the donor or the donor's heirs or distributees, as a charitable gift annuity issued by a charitable organization for purposes of Sections 1, 2, and 6 of this article and Section 2(b), Article 1.14-1 of this code.

SECTION 2. Makes application of this Act retroactive.

SECTION 3. Emergency clause.
Effective date: upon passage.

SUMMARY OF COMMITTEE CHANGES

SECTION 1.

Amends Section 7, Article 1.14-1A, Insurance Code, to make nonsubstantive changes.

SECTION 2.

Deletes proposed Subsection (a) regarding the purpose of this section.

SECTION 3.

Deletes proposed SECTION 3. Adds effective date: upon passage.