

BILL ANALYSIS

Senate Research Center

S.B. 1948
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Economic Development
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As Filed

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 would prevent a donor who treats an annuity as a charitable gift annuity in a filing with the Internal Revenue Service from taking a contrary position in court.

PURPOSE

As proposed, 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; ESTOPPEL.
Provides that a donor who treats an annuity as a charitable gift annuity in a filing with the U.S. Internal Revenue Service is estopped from asserting in any litigation or proceeding that the annuity is not a qualified charitable gift annuity issued by a charitable organization, as described by Sections 1, 2, and 6 of this article and Section 2(b), Article 1.14-1 of this code.

SECTION 2. Provides that the purpose of this section is to clarify the intent of the legislature with respect to the effect of Sections 1, 2, and 6, Article 1.14-1A, Insurance Code, as those sections existed immediately before the effective date of this Act. Makes application of this Act retroactive.

SECTION 3. Makes application of this Act retroactive.

SECTION 4. Emergency clause.
Effective date: upon passage.