

By: Craddick

H.B. No. 456

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to an exemption from ad valorem taxation of certain  
3 royalty interests owned by a charitable organization.

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

5 SECTION 1. Section 11.18(a), Tax Code, is amended to read as  
6 follows:

7 (a) An organization that qualifies as a charitable  
8 organization as provided by this section is entitled to an  
9 exemption from taxation of:

10 (1) the buildings and tangible personal property that:  
11 (A) are owned by the charitable organization; and  
12 (B) except as permitted by Subsection (b), are  
13 used exclusively by qualified charitable organizations; ~~and~~

14 (2) the real property owned by the charitable  
15 organization consisting of:

16 (A) an incomplete improvement that:  
17 (i) is under active construction or other  
18 physical preparation; and

19 (ii) is designed and intended to be used  
20 exclusively by qualified charitable organizations; and

21 (B) the land on which the incomplete improvement  
22 is located that will be reasonably necessary for the use of the  
23 improvement by qualified charitable organizations; and

24 (3) a royalty interest, as defined by Section 201.001,

1 owned by the organization.

2           SECTION 2. This Act applies only to ad valorem taxes imposed  
3 for a tax year beginning on or after the effective date of this Act.

4           SECTION 3. This Act takes effect January 1, 2024.