

1-1 By: West, Eckhardt S.B. No. 1145  
 1-2 (In the Senate - Filed February 23, 2023; March 9, 2023,  
 1-3 read first time and referred to Committee on Local Government;  
 1-4 April 24, 2023, reported adversely, with favorable Committee  
 1-5 Substitute by the following vote: Yeas 8, Nays 0; April 24, 2023,  
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8 Bettencourt	X			
1-9 Springer	X			
1-10 Eckhardt	X			
1-11 Gutierrez			X	
1-12 Hall	X			
1-13 Nichols	X			
1-14 Parker	X			
1-15 Paxton	X			
1-16 West	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 1145 By: Springer

1-19 A BILL TO BE ENTITLED  
 1-20 AN ACT

1-21 relating to a local option exemption from ad valorem taxation by a  
 1-22 county or municipality of all or part of the appraised value of real  
 1-23 property used to operate a child-care facility.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by  
 1-26 adding Section 11.36 to read as follows:

1-27 Sec. 11.36. CHILD-CARE FACILITIES. (a) In this section:

1-28 (1) "Child-care facility" means a facility licensed by  
 1-29 the Health and Human Services Commission to provide assessment,  
 1-30 care, training, education, custody, treatment, or supervision for a  
 1-31 child who is not related by blood, marriage, or adoption to the  
 1-32 owner or operator of the facility, for all or part of the 24-hour  
 1-33 day, whether or not the facility is operated for profit or charges  
 1-34 for the services it offers.

1-35 (2) "Qualifying child-care facility" means a  
 1-36 child-care facility:

1-37 (A) the owner or operator of which participates  
 1-38 in the Texas Workforce Commission's Texas Rising Star Program as  
 1-39 described by Section 2308.3155, Government Code, for that facility;  
 1-40 and

1-41 (B) at which at least 20 percent of the total  
 1-42 number of children enrolled at the facility receive subsidized  
 1-43 child-care services provided through the child-care services  
 1-44 program administered by the Texas Workforce Commission.

1-45 (b) Subject to Subsection (d), if the governing body of a  
 1-46 county or municipality in the manner required by law for official  
 1-47 action by the governing body adopts the exemption, a person is  
 1-48 entitled to an exemption from taxation by the county or  
 1-49 municipality of all or part of the appraised value of:

1-50 (1) the real property the person owns and operates as a  
 1-51 qualifying child-care facility; or

1-52 (2) the portion of the real property that the person  
 1-53 owns and leases to a person who uses the property to operate a  
 1-54 qualifying child-care facility.

1-55 (c) The governing body of a county or municipality may adopt  
 1-56 the exemption authorized by this section as a percentage of the  
 1-57 appraised value of the property. The percentage specified by the  
 1-58 governing body may not be less than 50 percent.

1-59 (d) To qualify for the exemption authorized by this section,  
 1-60 the property must be:

2-1 (1) except as provided by Subsection (e), used  
2-2 exclusively to provide developmental and educational services for  
2-3 children attending the child-care facility; and

2-4 (2) reasonably necessary for the operation of the  
2-5 child-care facility.

2-6 (e) The use of exempt property for functions other than  
2-7 providing developmental and educational services for children  
2-8 attending the child-care facility located on the property does not  
2-9 result in the loss of an exemption authorized by this section if  
2-10 those other functions are incidental to the use of the property for  
2-11 providing those services to those children and benefit:

2-12 (1) those children; or

2-13 (2) the staff and faculty of the facility.

2-14 (f) A person who claims an exemption under Subsection (b)(2)  
2-15 must include with the application for the exemption an affidavit  
2-16 certifying to the chief appraiser for the appraisal district that  
2-17 appraises the property that is the subject of the application that:

2-18 (1) the person has provided to the child-care facility  
2-19 to which the property is leased a disclosure document stating the  
2-20 amount by which the taxes on the property are reduced as a result of  
2-21 the exemption and the method the person will implement to ensure  
2-22 that the rent charged for the lease of the property fully reflects  
2-23 that reduction;

2-24 (2) the rent charged for the lease of the property  
2-25 reflects the reduction in the amount of taxes on the property  
2-26 resulting from the exemption through a monthly or annual credit  
2-27 against the rent; and

2-28 (3) the person does not charge rent for the lease of  
2-29 the property in an amount that exceeds:

2-30 (A) for property that consists of space in a  
2-31 commercial property, the rent charged by the person to other  
2-32 tenants of the commercial property for similar space; or

2-33 (B) for property other than property described by  
2-34 Paragraph (A), the average rent charged for comparable rental  
2-35 property.

2-36 (g) Notwithstanding any other provision of this section, a  
2-37 person may not claim an exemption under Subsection (b)(2) for  
2-38 property:

2-39 (1) for which the person claims an exemption under  
2-40 Section 11.13; or

2-41 (2) any part of which is leased by the person to  
2-42 another person for use as a principal residence.

2-43 (h) Property is not ineligible for an exemption under this  
2-44 section if a portion of the property is used for functions other  
2-45 than those described by Subsections (d) and (e). However, the  
2-46 exemption does not apply to the value of the portion of the property  
2-47 that is used for those other functions.

2-48 (i) Section 25.07 does not apply to a leasehold interest in  
2-49 property for which the owner receives an exemption under this  
2-50 section.

2-51 (j) The comptroller may adopt rules and forms necessary for  
2-52 the administration of this section.

2-53 SECTION 2. Section 11.43(c), Tax Code, is amended to read as  
2-54 follows:

2-55 (c) An exemption provided by Section 11.13, 11.131, 11.132,  
2-56 11.133, 11.134, 11.17, 11.18, 11.182, 11.1827, 11.183, 11.19,  
2-57 11.20, 11.21, 11.22, 11.23(a), (h), (j), (j-1), or (m), 11.231,  
2-58 11.254, 11.27, 11.271, 11.29, 11.30, 11.31, 11.315, [or] 11.35, or  
2-59 11.36, once allowed, need not be claimed in subsequent years, and  
2-60 except as otherwise provided by Subsection (e), the exemption  
2-61 applies to the property until it changes ownership or the person's  
2-62 qualification for the exemption changes. However, except as  
2-63 provided by Subsection (r), the chief appraiser may require a  
2-64 person allowed one of the exemptions in a prior year to file a new  
2-65 application to confirm the person's current qualification for the  
2-66 exemption by delivering a written notice that a new application is  
2-67 required, accompanied by an appropriate application form, to the  
2-68 person previously allowed the exemption. If the person previously  
2-69 allowed the exemption is 65 years of age or older, the chief

3-1 appraiser may not cancel the exemption due to the person's failure  
3-2 to file the new application unless the chief appraiser complies  
3-3 with the requirements of Subsection (q), if applicable.

3-4 SECTION 3. This Act applies only to ad valorem taxes imposed  
3-5 for a tax year beginning on or after the effective date of this Act.

3-6 SECTION 4. This Act takes effect January 1, 2024, but only  
3-7 if the constitutional amendment proposed by the 88th Legislature,  
3-8 Regular Session, 2023, authorizing a local option exemption from ad  
3-9 valorem taxation by a county or municipality of all or part of the  
3-10 appraised value of real property used to operate a child-care  
3-11 facility is approved by the voters. If that amendment is not  
3-12 approved by the voters, this Act has no effect.

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