

By: Darby, Dean, Hefner

H.B. No. 2525

A BILL TO BE ENTITLED

AN ACT

relating to the exemption from ad valorem taxation of certain property owned by a charitable organization that is engaged in providing housing and related facilities and services to persons who are at least 62 years of age.

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

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

(d) A charitable organization must be organized exclusively to perform religious, charitable, scientific, literary, or educational purposes and, except as permitted by Subsections (h) and (l), engage exclusively in performing one or more of the following charitable functions:

(1) providing medical care without regard to the beneficiaries' ability to pay, which in the case of a nonprofit hospital or hospital system means providing charity care and community benefits in accordance with Section 11.1801;

(2) providing support or relief to orphans, delinquent or dependent children in need of residential care, children with disabilities in need of residential care, abused or battered spouses or children in need of temporary shelter, the impoverished, or victims of natural disaster without regard to the beneficiaries' ability to pay;

(3) providing support without regard to the

beneficiaries' ability to pay to:

(A) elderly persons, including the provision of:

(i) recreational or social activities; and

(ii) facilities designed to address the special needs of elderly persons; or

(B) persons with disabilities, including training and employment:

(i) in the production of commodities; or

(ii) in the provision of services under 41 U.S.C. Sections 8501-8506;

(4) preserving a historical landmark or site;

(5) promoting or operating a museum, zoo, library, theater of the dramatic or performing arts, or symphony orchestra or choir;

(6) promoting or providing humane treatment of animals;

(7) acquiring, storing, transporting, selling, or distributing water for public use;

(8) answering fire alarms and extinguishing fires with no compensation or only nominal compensation to the members of the organization;

(9) promoting the athletic development of boys or girls under the age of 18 years;

(10) preserving or conserving wildlife;

(11) promoting educational development through loans or scholarships to students;

(12) providing halfway house services pursuant to a

1 certification as a halfway house by the parole division of the Texas
2 Department of Criminal Justice;

3 (13) providing permanent housing and related social,
4 health care, and educational facilities for persons who are 62
5 years of age or older;

6 (A) without regard to the residents' ability to
7 pay; or

8 (B) as an organization that provides charitable
9 housing and services in an amount that is not less than four percent
10 of the charitable organization's net resident revenue;

11 (14) promoting or operating an art gallery, museum, or
12 collection, in a permanent location or on tour, that is open to the
13 public;

14 (15) providing for the organized solicitation and
15 collection for distributions through gifts, grants, and agreements
16 to nonprofit charitable, education, religious, and youth
17 organizations that provide direct human, health, and welfare
18 services;

19 (16) performing biomedical or scientific research or
20 biomedical or scientific education for the benefit of the public;

21 (17) operating a television station that produces or
22 broadcasts educational, cultural, or other public interest
23 programming and that receives grants from the Corporation for
24 Public Broadcasting under 47 U.S.C. Section 396, as amended;

25 (18) providing housing for low-income and
26 moderate-income families, for unmarried individuals 62 years of age
27 or older, for individuals with disabilities, and for families

1 displaced by urban renewal, through the use of trust assets that are
2 irrevocably and, pursuant to a contract entered into before
3 December 31, 1972, contractually dedicated on the sale or
4 disposition of the housing to a charitable organization that
5 performs charitable functions described by Subdivision (9);

6 (19) providing housing and related services to persons
7 who are 62 years of age or older in a retirement community, if the
8 retirement community provides independent living services,
9 assisted living services, and nursing services to its residents on
10 a single campus:

11 (A) without regard to the residents' ability to
12 pay; or

13 (B) as an organization that provides charitable
14 housing and services in an amount that is not less than four percent
15 of the charitable organization's net resident revenue [~~in which at~~
16 ~~least four percent of the retirement community's combined net~~
17 ~~resident revenue is provided in charitable care to its residents~~];

18 (20) providing housing on a cooperative basis to
19 students of an institution of higher education if:

20 (A) the organization is exempt from federal
21 income taxation under Section 501(a), Internal Revenue Code of
22 1986, as amended, by being listed as an exempt entity under Section
23 501(c)(3) of that code;

24 (B) membership in the organization is open to all
25 students enrolled in the institution and is not limited to those
26 chosen by current members of the organization;

27 (C) the organization is governed by its members;

1 and

2 (D) the members of the organization share the
3 responsibility for managing the housing;

4 (21) acquiring, holding, and transferring unimproved
5 real property under an urban land bank demonstration program
6 established under Chapter 379C, Local Government Code, as or on
7 behalf of a land bank;

8 (22) acquiring, holding, and transferring unimproved
9 real property under an urban land bank program established under
10 Chapter 379E, Local Government Code, as or on behalf of a land bank;

11 (23) providing housing and related services to
12 individuals who:

13 (A) are unaccompanied and homeless and have a
14 disabling condition; and

15 (B) have been continuously homeless for a year or
16 more or have had at least four episodes of homelessness in the
17 preceding three years;

18 (24) operating a radio station that broadcasts
19 educational, cultural, or other public interest programming,
20 including classical music, and that in the preceding five years has
21 received or been selected to receive one or more grants from the
22 Corporation for Public Broadcasting under 47 U.S.C. Section 396, as
23 amended;

24 (25) providing, without regard to the beneficiaries'
25 ability to pay, tax return preparation services and assistance with
26 other financial matters; or

27 (26) providing services related to planning for the

1 placement of or placing children in foster or adoptive homes or
2 providing support or relief to women who are or may be pregnant and
3 who are considering placing their unborn children for adoption.

4 SECTION 2. Section 11.18(k), Tax Code, is amended by adding
5 Subdivision (1-a) and amending Subdivision (2) to read as follows:

6 (1-a) "Charitable housing and services" means the
7 following provided by a charitable organization to a person 62
8 years of age or older in financial need:

9 (A) housing, including as an independent living
10 facility, assisted living facility, or nursing facility; and

11 (B) any service designed to meet the unique needs
12 of a person 62 years of age or older, including:

13 (i) ministerial services;

14 (ii) government-sponsored indigent health
15 care;

16 (iii) social services;

17 (iv) health services;

18 (v) educational services; and

19 (vi) donations to an organization that
20 qualifies for an exemption under Subsection (d)(13) or (19).

21 (2) "Charity care," "government-sponsored indigent
22 health care," and "net resident revenue" are determined in the same
23 manner for a retirement community or nursing home as "charity
24 care," "government-sponsored indigent health care," and "net
25 patient revenue," respectively, are determined for a hospital under
26 Section 11.1801(a)(2).

27 SECTION 3. The changes in law made by this Act apply only to

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1 an ad valorem tax year that begins on or after the effective date of
2 this Act.

3 SECTION 4. This Act takes effect January 1, 2026.