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, Tax Code, is amended by amending Subsection (d) and adding Subsection (k-1) 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

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

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

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

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

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

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

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

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

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

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

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

(A) without regard to the residents' ability to pay; [~~or~~]

(B) in which at least four percent of the retirement community's combined net resident revenue is provided in charitable care to its residents; <u>or</u>

<u>(C) as an organization that provides charitable housing and services in an amount that is not less than four percent of the charitable organization's net resident revenue;</u>

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

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

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

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

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

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

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

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

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

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

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

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

(26) providing services related to planning for the placement of or placing children in foster or adoptive homes or providing support or relief to women who are or may be pregnant and who are considering placing their unborn children for adoption.

(k-1) Notwithstanding any other provision of this section, to be entitled to an exemption from taxation under this section as an organization that performs a charitable function described by Subsection (d)(13) or (19) in the manner described by Subsection (d)(13)(B) or (19)(C), respectively, a charitable organization must:

(1) have been in existence for at least 20 years; or

(2) be under common control with an organization that:

(A) is described by Subdivision (1); and

(B) performs a charitable function described by Subsection (d).

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

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

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

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

(i) ministerial services;

(ii) government-sponsored indigent health care;

(iii) social services;

(iv) health services;

(v) educational services; and

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

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

SECTION 3. The changes in law made by this Act apply only to an ad valorem tax year that begins on or after the effective date of this Act.

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

H.B. No. 2525

President of the Senate

Speaker of the House

I certify that H.B. No. 2525 was passed by the House on April 23, 2025, by the following vote: Yeas 124, Nays 24, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2525 on May 30, 2025, by the following vote: Yeas 104, Nays 32, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2525 was passed by the Senate, with amendments, on May 7, 2025, by the following vote: Yeas 30, Nays 1.

Secretary of the Senate

APPROVED: ____________________

Date

____________________

Governor