

Amend HB 1278 by adding the following section, numbered appropriately:

SECTION ____ . (a) Sections 11.20(a) and (g), Tax Code, are amended to read as follows:

(a) A person [~~An organization that qualifies as a religious organization as provided by Subsection (c) of this section~~] is entitled to an exemption from taxation of:

(1) the real property that is owned by the person [~~religious organization~~], is used primarily as a place of regular religious worship by an organization that qualifies as a religious organization as provided by Subsection (c), and is reasonably necessary for engaging in religious worship;

(2) the tangible personal property that is owned by the person [~~religious organization~~] and is reasonably necessary for engaging in worship at the place of worship specified in Subdivision (1) [~~of this subsection~~];

(3) if the person qualifies as a religious organization as provided by Subsection (c), the real property that is owned by the religious organization and is reasonably necessary for use as a residence (but not more than one acre of land for each residence) if the property:

(A) is used exclusively as a residence for those individuals whose principal occupation is to serve in the clergy of the religious organization; and

(B) produces no revenue for the religious organization;

(4) if the person qualifies as a religious organization as provided by Subsection (c), the tangible personal property that is owned by the religious organization and is reasonably necessary for use of the residence specified by Subdivision (3) [~~of this subsection~~]; and

(5) the real property owned by the person [~~religious organization~~] consisting of:

(A) an incomplete improvement that is under active construction or other physical preparation and that is designed and intended to be used by an organization that qualifies as a [~~the~~] religious organization as provided by Subsection (c) as a

place of regular religious worship when complete; and

(B) the land on which the incomplete improvement is located that will be reasonably necessary for the religious organization's use of the improvement as a place of regular religious worship.

(g) For purposes of Subsection (a)(5), an incomplete improvement is under physical preparation if the person [~~religious organization~~] has engaged in architectural or engineering work, soil testing, land clearing activities, or site improvement work necessary for the construction of the improvement or has conducted an environmental or land use study relating to the construction of the improvement.

(b) This section takes effect January 1, 2004, and applies only to ad valorem taxes imposed for a tax year that begins on or after that date.