

BILL ANALYSIS

C.S.H.B. 2416
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Local Government Ways and Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Current statute allows nonprofit organizations to be exempt from ad valorem taxation while improvements are under construction. Due to the current uncertain economic environment, some nonprofit organizations are unable to raise the capital required to complete property improvements.

Committee Substitute House Bill 2416 temporarily extends the tax exempt period, up to a maximum of five years, for nonprofit organizations while improvements are under construction.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

Committee Substitute House Bill 2416 amends the Tax Code to authorize veteran's organizations, Federation of Women's Clubs, Nature Conservancy of Texas, Congress of Parents and Teachers, private enterprise demonstration associations, theater schools, community service clubs, medical center development, scientific research corporations, charitable or religious organizations, schools, or youth spiritual, mental, or physical development associations to be exempted from ad valorem taxes on developing property for up to five years.

These extensions expire December 31, 2005 and the current three year exemption is then restored.

EFFECTIVE DATE

Upon passage if the Act receives a vote of two-thirds of the members of each house, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2003.

COMPARISON OF ORIGINAL TO SUBSTITUTE

This substitute modifies the original by temporarily extending the tax exempt period up to a maximum of five years as opposed to six years in the introduced version.