

AN ACT

relating to an exemption from ad valorem taxation for property owned by a religious organization that is leased for use as a school or that is owned with the intent of expanding or constructing a religious facility.

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

SECTION 1. Section 11.20, Tax Code, is amended by amending Subsection (a) and adding Subsections (h) and (i) to read as follows:

(a) 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 religious organization, is used primarily as a place of regular religious worship, and is reasonably necessary for engaging in religious worship;

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

(3) 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:

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

4 (B) produces no revenue for the religious
5 organization;

6 (4) the tangible personal property that is owned by
7 the religious organization and is reasonably necessary for use of
8 the residence specified by Subdivision (3) [~~of this subsection~~];
9 [~~and~~]

10 (5) the real property owned by the religious
11 organization consisting of:

12 (A) an incomplete improvement that is under
13 active construction or other physical preparation and that is
14 designed and intended to be used by the religious organization as a
15 place of regular religious worship when complete; and

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

20 (6) the land that the religious organization owns for
21 the purpose of expansion of the religious organization's place of
22 regular religious worship or construction of a new place of regular
23 religious worship if:

24 (A) the religious organization qualifies other
25 property, including a portion of the same tract or parcel of land,
26 owned by the organization for an exemption under Subdivision (1) or
27 (5); and

1 (B) the land produces no revenue for the
2 religious organization; and

3 (7) the real property owned by the religious
4 organization that is leased to another person and used by that
5 person for the operation of a school that qualifies as a school
6 under Section 11.21(d).

7 (h) A tract of land that is contiguous to the tract of land
8 on which the religious organization's place of regular religious
9 worship is located may not be exempted under Subsection (a)(6) for
10 more than six years. A tract of land that is not contiguous to the
11 tract of land on which the religious organization's place of
12 regular religious worship is located may not be exempted under
13 Subsection (a)(6) for more than three years. For purposes of this
14 subsection, a tract of land is considered to be contiguous with
15 another tract of land if the tracts are divided only by a road,
16 railroad track, river, or stream.

17 (i) For purposes of Subsection (a)(6), an application or
18 statement accompanying an application for the exemption stating
19 that the land is owned for the purposes described by Subsection
20 (a)(6) and signed by an authorized officer of the organization is
21 sufficient to establish that the land is owned for those purposes.

22 SECTION 2. Subchapter B, Chapter 11, Tax Code, is amended by
23 adding Section 11.201 to read as follows:

24 Sec. 11.201. ADDITIONAL TAX ON SALE OF CERTAIN RELIGIOUS
25 ORGANIZATION PROPERTY. (a) If land is sold or otherwise
26 transferred to another person in a year in which the land receives
27 an exemption under Section 11.20(a)(6), an additional tax is

1 imposed on the land equal to the tax that would have been imposed on
2 the land had the land been taxed for each of the five years
3 preceding the year in which the sale or transfer occurs in which the
4 land received an exemption under that subsection, plus interest at
5 an annual rate of seven percent calculated from the dates on which
6 the taxes would have become due.

7 (b) A tax lien attaches to the land on the date the sale or
8 transfer occurs to secure payment of the tax and interest imposed by
9 this section and any penalties incurred. The lien exists in favor
10 of all taxing units for which the tax is imposed.

11 (c) If only part of a parcel of land that is exempted under
12 Section 11.20(a)(6) is sold or transferred, the tax applies only to
13 that part of the parcel and equals the taxes that would have been
14 imposed had that part been taxed.

15 (d) The assessor for each taxing unit shall prepare and
16 deliver a bill for the additional taxes plus interest as soon as
17 practicable after the sale or transfer occurs. The taxes and
18 interest are due and become delinquent and incur penalties and
19 interest as provided by law for ad valorem taxes imposed by the
20 taxing unit if not paid before the next February 1 that is at least
21 20 days after the date the bill is delivered to the owner of the
22 land.

23 (e) The sanctions provided by Subsection (a) do not apply if
24 the sale or transfer occurs as a result of:

25 (1) a sale for right-of-way;

26 (2) a condemnation;

27 (3) a transfer of property to the state or a political

1 subdivision of the state to be used for a public purpose; or
2 (4) a transfer of property to a religious organization
3 that qualifies the property for an exemption under Section 11.20
4 for the tax year in which the transfer occurs.

5 SECTION 3. This Act takes effect January 1, 2004, and
6 applies only to a tax year that begins on or after that date, but
7 only if the constitutional amendment proposed by the 78th
8 Legislature, Regular Session, 2003, to authorize the legislature to
9 exempt from ad valorem taxation property owned by a religious
10 organization that is leased for use as a school or that is owned
11 with the intent of expanding or constructing a religious facility
12 is approved by the voters. If that amendment is not approved by the
13 voters, this Act has no effect.

President of the Senate

Speaker of the House

I certify that H.B. No. 1278 was passed by the House on May 10, 2003, by the following vote: Yeas 131, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 1278 on May 31, 2003, by the following vote: Yeas 134, Nays 4, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 1278 was passed by the Senate, with amendments, on May 28, 2003, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor