

By: Zedler, et al.

H.B. No. 1278

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to an exemption from ad valorem taxation for property  
3 owned by a religious organization for purposes of expanding a  
4 religious facility or constructing a new religious facility.

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

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

9 (a) An organization that qualifies as a religious  
10 organization as provided by Subsection (c) of this section is  
11 entitled to an exemption from taxation of:

12 (1) the real property that is owned by the religious  
13 organization, is used primarily as a place of regular religious  
14 worship, and is reasonably necessary for engaging in religious  
15 worship;

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

20 (3) the real property that is owned by the religious  
21 organization and is reasonably necessary for use as a residence  
22 (but not more than one acre of land for each residence) if the  
23 property:

24 (A) is used exclusively as a residence for those

1 individuals whose principal occupation is to serve in the clergy of  
2 the religious organization; and

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

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

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

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

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

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

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

27 (B) the land produces no revenue for the

1 religious organization.

2 (h) A tract of land that is not contiguous to the tract of  
3 land on which the religious organization's place of regular  
4 religious worship is located may not be exempted under Section  
5 (a)(6) for more than three years. For purposes of this subsection,  
6 a tract of land is considered to be contiguous with another tract of  
7 land if the tracts are divided only by a road, railroad track,  
8 river, or stream.

9 (i) For purposes of Subsection (a)(6), an application or  
10 statement accompanying an application for the exemption stating  
11 that the land is owned for the purposes described by Subsection  
12 (a)(6) and signed by an authorized officer of the organization is  
13 sufficient to establish that the land is owned for those purposes.

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

16 Sec. 11.201. ADDITIONAL TAX ON SALE OF CERTAIN RELIGIOUS  
17 ORGANIZATION PROPERTY. (a) If land is sold or otherwise  
18 transferred to another person in a year in which the land receives  
19 an exemption under Section 11.20(a)(6), an additional tax is  
20 imposed on the land equal to the tax that would have been imposed on  
21 the land had the land been taxed for each of the five years  
22 preceding the year in which the sale or transfer occurs in which the  
23 land received an exemption under that subsection, plus interest at  
24 an annual rate of seven percent calculated from the dates on which  
25 the taxes would have become due.

26 (b) A tax lien attaches to the land on the date the sale or  
27 transfer occurs to secure payment of the tax and interest imposed by

1 this section and any penalties incurred. The lien exists in favor  
2 of all taxing units for which the tax is imposed.

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

7 (d) The assessor for each taxing unit shall prepare and  
8 deliver a bill for the additional taxes plus interest as soon as  
9 practicable after the sale or transfer occurs. The taxes and  
10 interest are due and become delinquent and incur penalties and  
11 interest as provided by law for ad valorem taxes imposed by the  
12 taxing unit if not paid before the next February 1 that is at least  
13 20 days after the date the bill is delivered to the owner of the  
14 land.

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

- 17 (1) a sale for right-of-way;  
18 (2) a condemnation; or  
19 (3) a transfer of property to the state or a political  
20 subdivision of the state to be used for a public purpose.

21 SECTION 3. This Act takes effect January 1, 2004, and  
22 applies only to a tax year that begins on or after that date, but  
23 only if the constitutional amendment proposed by the 78th  
24 Legislature, Regular Session, 2003, to authorize the legislature to  
25 exempt from ad valorem taxation land owned by a religious  
26 organization for purposes of expanding or constructing a religious  
27 facility is approved by the voters. If that amendment is not

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1 approved by the voters, this Act has no effect.

COMMITTEE AMENDMENT NO. 1

Amend H.B. No. 1278 as follows:

(1) On page 4, line 18, strike "or".

(2) On page 4, line 20, strike the period and substitute ";  
or".

(3) On page 4, between lines 20 and 21, insert the  
following:

(4) a transfer of property to a religious organization  
that qualifies the property for an exemption under Section 11.20  
for the tax year in which the transfer occurs.

McReynolds