

By: Hochberg, Krusee, Hunter

H.B. No. 2416

Substitute the following for H.B. No. 2416:

By: Laubenberg

C.S.H.B. No. 2416

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the extension of the period for which an incomplete
3 improvement on property owned by certain nonprofit organizations
4 may be exempted from ad valorem taxation.

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

6 ARTICLE 1. CHANGES EFFECTIVE BEGINNING WITH 2003 TAX YEAR

7 SECTION 1.01. Section 11.18(m), Tax Code, is amended to
8 read as follows:

9 (m) A property may not be exempted under Subsection (a)(2)
10 for more than five [~~three~~] years.

11 SECTION 1.02. Section 11.184(i), Tax Code, as added by
12 Chapter 1040, Acts of the 77th Legislature, Regular Session, 2001,
13 is amended to read as follows:

14 (i) A property may not be exempted under Subsection (c)(2)
15 for more than five [~~three~~] years.

16 SECTION 1.03. Section 11.19(e), Tax Code, is amended to
17 read as follows:

18 (e) A property may not be exempted under Subsection (a)(2)
19 for more than five [~~three~~] years.

20 SECTION 1.04. Section 11.20(f), Tax Code, is amended to
21 read as follows:

22 (f) A property may not be exempted under Subsection (a)(5)
23 for more than five [~~three~~] years.

24 SECTION 1.05. Section 11.21(g), Tax Code, is amended to read

1 as follows:

2 (g) A property may not be exempted under Subsection (a)(2)
3 for more than five [~~three~~] years.

4 SECTION 1.06. Section 11.23(1), Tax Code, is amended to
5 read as follows:

6 (1) Incomplete Improvements. A person described by
7 Subsection (a)-(e), (g), or (i)-(k) is entitled to an exemption
8 from taxation of the real property owned by the person consisting of
9 an incomplete improvement that is under active construction or
10 other physical preparation and that is designed and intended to be
11 used by the person for a purpose described by that subsection when
12 complete and the land on which the incomplete improvement is
13 located that will be reasonably necessary for the person's use of
14 the improvement for that purpose. A property may not be exempted
15 under this subsection for more than five [~~three~~] years. For
16 purposes of this subsection, an incomplete improvement is under
17 physical preparation if the person has:

18 (1) engaged in architectural or engineering work, soil
19 testing, land clearing activities, or site improvement work
20 necessary for the construction of the improvement; or

21 (2) conducted an environmental or land use study
22 relating to the construction of the improvement.

23 SECTION 1.07. Section 11.30(b), Tax Code, is amended to
24 read as follows:

25 (b) A property may not be exempted under Subsection (a)(2)
26 for more than five [~~three~~] years.

27 ARTICLE 2. CHANGES EFFECTIVE BEGINNING WITH 2006 TAX YEAR

1 SECTION 2.01. Section 11.18(m), Tax Code, is amended to
2 read as follows:

3 (m) A property may not be exempted under Subsection (a)(2)
4 for more than three years.

5 SECTION 2.02. Section 11.184(i), Tax Code, as added by
6 Chapter 1040, Acts of the 77th Legislature, Regular Session, 2001,
7 is amended to read as follows:

8 (i) A property may not be exempted under Subsection (c)(2)
9 for more than three years.

10 SECTION 2.03. Section 11.19(e), Tax Code, is amended to
11 read as follows:

12 (e) A property may not be exempted under Subsection (a)(2)
13 for more than three years.

14 SECTION 2.04. Section 11.20(f), Tax Code, is amended to
15 read as follows:

16 (f) A property may not be exempted under Subsection (a)(5)
17 for more than three years.

18 SECTION 2.05. Section 11.21(g), Tax Code, is amended to
19 read as follows:

20 (g) A property may not be exempted under Subsection (a)(2)
21 for more than three years.

22 SECTION 2.06. Section 11.23(l), Tax Code, is amended to
23 read as follows:

24 (l) Incomplete Improvements. A person described by
25 Subsection (a)-(e), (g), or (i)-(k) is entitled to an exemption
26 from taxation of the real property owned by the person consisting of
27 an incomplete improvement that is under active construction or

1 other physical preparation and that is designed and intended to be
2 used by the person for a purpose described by that subsection when
3 complete and the land on which the incomplete improvement is
4 located that will be reasonably necessary for the person's use of
5 the improvement for that purpose. A property may not be exempted
6 under this subsection for more than three years. For purposes of
7 this subsection, an incomplete improvement is under physical
8 preparation if the person has:

9 (1) engaged in architectural or engineering work, soil
10 testing, land clearing activities, or site improvement work
11 necessary for the construction of the improvement; or

12 (2) conducted an environmental or land use study
13 relating to the construction of the improvement.

14 SECTION 2.07. Section 11.30(b), Tax Code, is amended to
15 read as follows:

16 (b) A property may not be exempted under Subsection (a)(2)
17 for more than three years.

18 ARTICLE 3. EFFECTIVE DATE; TRANSITION

19 SECTION 3.01. (a) Except as provided by Subsection (b) of
20 this section:

21 (1) this Act takes effect immediately if it receives a
22 vote of two-thirds of all the members elected to each house, as
23 provided by Section 39, Article III, Texas Constitution; and

24 (2) if this Act does not receive the vote necessary for
25 immediate effect, this Act takes effect September 1, 2003.

26 (b) Article 2 of this Act takes effect January 1, 2006.

27 SECTION 3.02. (a) Article 1 of this Act applies only to a

1 tax year beginning on or after January 1, 2003.

2 (b) Notwithstanding Section 11.43, Tax Code, property that
3 was exempted from taxation under Section 11.18(a)(2), Tax Code,
4 Section 11.184(c)(2), Tax Code, as added by Chapter 1040, Acts of
5 the 77th Legislature, Regular Session, 2001, or Section
6 11.19(a)(2), 11.20(a)(5), 11.21(a)(2), 11.23(1), or 11.30(a)(2),
7 Tax Code, for the three years preceding the 2003 tax year is
8 entitled to an exemption under the applicable provision for the
9 2003 tax year regardless of whether the owner of the property
10 applies for the exemption for the 2003 tax year if the property
11 otherwise qualifies for the exemption. The chief appraiser of the
12 appraisal district in which the property is located may require the
13 owner of the property to file an application for the exemption to
14 confirm the owner's qualification for the exemption for the 2003
15 tax year.

16 (c) Article 2 of this Act applies only to a tax year
17 beginning on or after January 1, 2006.