

BILL ANALYSIS

H.B. 2080
By: Paxton
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In 1997, the Texas Legislature revised the Tax code to clarify the definition of a Continuing Care Retirement Community (CCRC). Tax Code, Chapter 11.18(d)(19) clarified that CCRC's must comply with these qualifications:

1. The campus must contain independent living units (cottages, patio homes, etc.), congregate apartments, licensed assisted living units and licensed nursing care all on a contiguous campus.
2. The campus provides a minimum of 4% of its revenue in charitable care.
3. The organization that owns the CCRC is a 501 (c) (3) as approved by the IRS.

The section is silent on the question of whether "entry fees" to the CCRC are exempt from taxation. Entry fees are collected by the CCRC and used to assist in project financing, and to cover a portion of the operating cost of the CCRC including charitable care. The license agreement which specifies that entry fees will be paid neither grants rights to the occupant nor creates any leasehold or possessory real property interest for the occupant. Therefore, the service or entry fee paid as a deposit should not be taxable if it is refunded or not.

H.B. 2080 provides clarifying language regarding the no n-taxable status of CCRC residents who have a license to occupy a dwelling unit in a tax-exempt retirement community.

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

H.B. 2080 provides that a license to occupy a dwelling unit in an exempt retirement community is exempt from taxation regardless of whether they pay a refundable or nonrefundable deposit or service fee.

EFFECTIVE DATE

Upon passage, or if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.