

By: Isett

H.B. No. 483

A BILL TO BE ENTITLED

AN ACT

relating to an exemption from ad valorem taxation of property used as a child-care facility.

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

SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.34 to read as follows:

Sec. 11.34. CHILD-CARE FACILITIES. (a) In this section, "child-care facility" has the meaning assigned by Section 42.002, Human Resources Code.

(b) A person is entitled to an exemption from taxation of:

(1) the real property the person owns and operates as a child-care facility that qualifies as provided by Subsection (d) and the tangible personal property the person owns and uses in connection with the operation of the child-care facility if:

(A) except as provided by Subsection (c), the real property and tangible personal property are used exclusively for providing developmental and educational services for children attending the facility; and

(B) the real property and tangible personal property are reasonably necessary for the operation of the child-care facility; and

(2) the real property the person owns consisting of:

(A) an incomplete improvement that is under active construction or other physical preparation and that is

1 designed and intended to be used as a child-care facility that
2 qualifies as provided by Subsection (d); and

3 (B) the land on which the incomplete improvement
4 is located that will be reasonably necessary for the use of the
5 improvement as a child-care facility that qualifies as provided by
6 Subsection (d).

7 (c) Use of exempt property for functions other than
8 providing developmental and educational services for children
9 attending the child-care facility located on the property does not
10 result in the loss of an exemption authorized by this section if
11 those other functions are incidental to the use of the property for
12 providing those services to those children and benefit:

13 (1) those children; or

14 (2) the staff and faculty of the facility.

15 (d) To qualify as a child-care facility for the purposes of
16 this section, an entity, whether operated by an individual, as a
17 corporation, or as an association, must:

18 (1) meet the Texas Rising Star Provider criteria
19 described by 40 T.A.C. Section 809.15(b); or

20 (2) be accredited by a nationally recognized
21 accrediting organization for child-care or early childhood
22 education facilities or programs approved by the Texas Workforce
23 Commission and the Department of Protective and Regulatory Services
24 as applying criteria for accreditation adequate to ensure the
25 quality of an accredited facility or program, such as the National
26 Association for the Education of Young Children or the National
27 Early Childhood Program Accreditation Commission.

1 (e) Property is not disqualified from receiving an
2 exemption under this section if a portion of the property is used
3 for functions other than those described by Subsections (b) and
4 (c). However, the exemption does not apply to the value of the
5 portion of the property that is used for those other functions.

6 (f) A property may not be exempted under Subsection (b)(2)
7 for more than three years. For purposes of Subsection (b)(2), an
8 incomplete improvement is under physical preparation if the
9 child-care facility has:

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

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

15 SECTION 2. Section 11.43(c), Tax Code, is amended to read as
16 follows:

17 (c) An exemption provided by Section 11.13, 11.17, 11.18,
18 11.182, 11.183, 11.19, 11.20, 11.21, 11.22, 11.23(h), (j), or
19 (j-1), 11.29, 11.30, ~~or~~ 11.31, or 11.34, once allowed, need not be
20 claimed in subsequent years, and except as otherwise provided by
21 Subsection (e), the exemption applies to the property until it
22 changes ownership or the person's qualification for the exemption
23 changes. However, the chief appraiser may require a person allowed
24 one of the exemptions in a prior year to file a new application to
25 confirm the person's current qualification for the exemption by
26 delivering a written notice that a new application is required,
27 accompanied by an appropriate application form, to the person

1 previously allowed the exemption.

2 SECTION 3. This Act applies only to an ad valorem tax year
3 that begins on or after the effective date of this Act.

4 SECTION 4. This Act takes effect January 1, 2006.