

By: Smithee, Branch

H.B. No. 1185

A BILL TO BE ENTITLED

AN ACT

relating to the exemptions from ad valorem taxation of real and personal property of a religious organization or a school.

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

SECTION 1. Section 11.21, Tax Code, is amended by adding Subsection (a-1) and amending Subsection (g) to read as follows:

(a-1) A person is entitled to an exemption from taxation of the buildings and tangible personal property that the person owns and that are used for a school if:

(1) the school is operated exclusively by an organization or other person that:

(A) is affiliated with or under common control with the person owning the property;

(B) is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c)(3) of that code; and

(C) meets the qualifications of Subsection (d);

(2) except as permitted by Subsection (b), the buildings and tangible personal property are used exclusively for educational functions; and

(3) the buildings and tangible personal property are reasonably necessary for the operation of the school.

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

1 SECTION 2. Section 11.201(a), Tax Code, is amended to read
2 as follows:

3 (a) If land is sold or otherwise transferred to another
4 person in a year in which the land receives an exemption under
5 Section 11.20(a)(6), an additional tax is imposed on the land equal
6 to the tax that would have been imposed on the land had the land been
7 taxed for each of the seven [~~five~~] years preceding the year in which
8 the sale or transfer occurs in which the land received an exemption
9 under that subsection, plus interest at an annual rate of seven
10 percent calculated from the dates on which the taxes would have
11 become due.

12 SECTION 3. Section 2.05, Chapter 288, Acts of the 78th
13 Legislature, Regular Session, 2003, is repealed.

14 SECTION 4. This Act applies only to taxes imposed for a tax
15 year beginning on or after the effective date of this Act.

16 SECTION 5. This Act takes effect January 1, 2006.