

By: Bonnen

H.B. No. 2095

A BILL TO BE ENTITLED

AN ACT

relating to exempting from ad valorem taxation property used by certain nonprofit community business organizations to provide services to aid in the economic development of local communities.

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

SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.231 to read as follows:

Sec. 11.231. NONPROFIT COMMUNITY BUSINESS ORGANIZATION PROVIDING ECONOMIC DEVELOPMENT SERVICES TO LOCAL COMMUNITY. (a) In this section, "nonprofit community business organization" means an organization that:

(1) is organized as:

(A) a nonprofit corporation as defined by the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes); or

(B) a nonprofit organization described by Section 501(c)(6), Internal Revenue Code of 1986;

(2) with respect to its activities in this state, is engaged primarily in performing functions listed in Subsection (d); and

(3) is primarily supported by membership dues and other income from activities substantially related to its primary functions.

(b) An association that qualifies as a nonprofit community

1 business organization as provided by this section is entitled to an
2 exemption from taxation of:

3 (1) the buildings and tangible personal property that:

4 (A) are owned by the nonprofit community business
5 organization; and

6 (B) except as permitted by Subsection (c), are
7 used exclusively by qualified nonprofit community business
8 organizations to perform their primary functions; and

9 (2) the real property owned by the nonprofit community
10 business organization consisting of:

11 (A) an incomplete improvement that:

12 (i) is under active construction or other
13 physical preparation; and

14 (ii) is designed and intended to be used
15 exclusively by qualified nonprofit community business
16 organizations; and

17 (B) the land on which the incomplete improvement
18 is located that will be reasonably necessary for the use of the
19 improvement by qualified nonprofit community business
20 organizations.

21 (c) Use of exempt property by persons who are not nonprofit
22 community business organizations qualified as provided by this
23 section does not result in the loss of an exemption authorized by
24 this section if the use is incidental to use by qualified nonprofit
25 community business organizations and limited to activities that
26 benefit the beneficiaries of the nonprofit community business
27 organizations that own or use the property.

1 (d) To qualify for an exemption under this section, a
2 nonprofit community business organization must be engaged
3 primarily in performing one or more of the following functions in
4 the local community:

5 (1) promoting the common economic interests of
6 commercial enterprises;

7 (2) improving the business conditions of one or more
8 types of business; or

9 (3) otherwise providing services to aid in economic
10 development.

11 (e) In this section, "building" includes the land that is
12 reasonably necessary for use of, access to, and ornamentation of
13 the building.

14 (f) A property may not be exempted under Subsection (b)(2)
15 for more than three years.

16 (g) For purposes of Subsection (b)(2), an incomplete
17 improvement is under physical preparation if the nonprofit
18 community business organization has:

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

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

24 SECTION 2. Section 11.42(d), Tax Code, is amended to read as
25 follows:

26 (d) A person who acquires property after January 1 of a tax
27 year may receive an exemption authorized by Section 11.17, 11.18,

1 11.19, 11.20, 11.21, 11.23, 11.231, or 11.30 for the applicable
2 portion of that tax year immediately on qualification for the
3 exemption.

4 SECTION 3. Section 11.43(c), Tax Code, is amended to read as
5 follows:

6 (c) An exemption provided by Section 11.13, 11.17, 11.18,
7 11.182, 11.183, 11.19, 11.20, 11.21, 11.22, 11.23(h), (j), or
8 (j-1), 11.231, 11.29, 11.30, or 11.31, once allowed, need not be
9 claimed in subsequent years, and except as otherwise provided by
10 Subsection (e), the exemption applies to the property until it
11 changes ownership or the person's qualification for the exemption
12 changes. However, the chief appraiser may require a person allowed
13 one of the exemptions in a prior year to file a new application to
14 confirm the person's current qualification for the exemption by
15 delivering a written notice that a new application is required,
16 accompanied by an appropriate application form, to the person
17 previously allowed the exemption.

18 SECTION 4. This Act applies only to an ad valorem tax year
19 that begins on or after the effective date of this Act.

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