

By: Hughes, Villarreal

H.B. No. 2496

A BILL TO BE ENTITLED

1 AN ACT

2 relating to qualification for the exemption from ad valorem
3 taxation for property of certain charitable or religious
4 organizations.

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

6 SECTION 1. Section 11.184, Tax Code, is amended by adding
7 Subsections (l), (m), and (n) to read as follows:

8 (l) Notwithstanding the other provisions of this section,
9 if the exemption authorized by this section is approved under
10 Subsection (b), a corporation that is not a qualified charitable
11 organization is entitled to an exemption from taxation of property
12 under this section if:

13 (1) the corporation is exempt from federal income
14 taxation under Section 501(a), Internal Revenue Code of 1986, by
15 being listed as an exempt entity under Section 501(c)(2) of that
16 code;

17 (2) the corporation holds title to the property for,
18 collects income from the property for, and turns over the entire
19 amount of that income, less expenses, to a qualified charitable
20 organization; and

21 (3) the qualified charitable organization would
22 qualify for an exemption from taxation of the property under this
23 section if the qualified charitable organization owned the
24 property.

1 (m) Before a corporation described by Subsection (l) may
2 submit an application for an exemption under this section, the
3 qualified charitable organization for which the corporation holds
4 title to the property must apply to the comptroller for the
5 determination described by Subsection (e) with regard to the
6 qualified charitable organization. The application for the
7 determination must also include an application to the comptroller
8 for a determination of whether the corporation meets the
9 requirements of Subsections (1)(1) and (2). The corporation shall
10 submit with the application for an exemption under this section a
11 copy of the determination letter issued by the comptroller. The
12 chief appraiser shall accept the copy of the letter as conclusive
13 evidence of the matters described by Subsection (h) as well as of
14 whether the corporation meets the requirements of Subsections
15 (1)(1) and (2).

16 (n) Notwithstanding Subsection (k), in order for a
17 corporation to continue to receive an exemption under Subsection
18 (l) after the fifth tax year after the year in which the exemption
19 is granted, the qualified charitable organization for which the
20 corporation holds title to property must obtain a new determination
21 letter and the corporation must reapply for the exemption.

22 SECTION 2. Section 11.20(j), Tax Code, is amended to read as
23 follows:

24 (j) A tract of land that is contiguous to the tract of land
25 on which the religious organization's place of regular religious
26 worship is located may not be exempted under Subsection (a)(6) for
27 more than 15 [six] years if the tract of land does not exceed three

1 acres or for more than 10 years if the tract of land exceeds three
2 acres. A tract of land that is not contiguous to the tract of land
3 on which the religious organization's place of regular religious
4 worship is located may not be exempted under Subsection (a)(6) for
5 more than five [~~three~~] years. For purposes of this subsection, a
6 tract of land is considered to be contiguous with another tract of
7 land if the tracts are divided only by a road, railroad track,
8 river, or stream.

9 SECTION 3. Sections 11.201(a) and (e), Tax Code, are
10 amended to read as follows:

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

20 (e) The sanctions provided by Subsection (a) do not apply if
21 the sale or transfer occurs as a result of:

- 22 (1) a sale for right-of-way;
23 (2) a condemnation;
24 (3) a transfer of property to the state or a political
25 subdivision of the state to be used for a public purpose; [~~or~~]

26 (4) a transfer of property to a religious organization
27 that qualifies the property for an exemption under Section 11.20

1 for the tax year in which the transfer occurs; or

2 (5) a transfer of property to an educational,
3 religious, charitable, or other similar organization that is
4 qualified as a charitable organization under Section 501(c)(3),
5 Internal Revenue Code of 1986.

6 SECTION 4. This Act applies only to ad valorem taxes imposed
7 for a tax year beginning on or after the effective date of this Act.

8 SECTION 5. This Act takes effect January 1, 2008.