

By: Hughes

H.B. No. 2496

Substitute the following for H.B. No. 2496:

By: Bonnen

C.S.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 organizations engaged primarily in
4 performing charitable functions.

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

24 SECTION 3. This Act takes effect January 1, 2008.