

By: Rose

H.B. No. 3043

A BILL TO BE ENTITLED

1 AN ACT

2 relating to an exemption from ad valorem taxation for property of
3 certain fraternal organizations.

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

5 SECTION 1. Sections 11.18(g) and (h), Tax Code, are amended
6 to read as follows:

7 (g) A charitable organization that performs a charitable
8 function specified by Subsection (d)(15) must:

9 (1) be affiliated with a state or national
10 organization that authorizes, approves, or sanctions volunteer
11 charitable fundraising organizations;

12 (2) qualify for exemption under Section 501(c)(3) or
13 (8), Internal Revenue Code of 1986, as amended;

14 (3) be governed by a volunteer board of directors; and

15 (4) distribute contributions to at least five other
16 associations to be used for general charitable purposes, with all
17 recipients meeting the following criteria:

18 (A) be governed by a volunteer board of
19 directors;

20 (B) qualify for exemption under Section
21 501(c)(3) or (8), Internal Revenue Code of 1986, as amended;

22 (C) receive a majority of annual revenue from
23 private or corporate charitable gifts and government agencies; and

24 (D) provide services without regard to the

1 ability of persons receiving the services to pay for the services.

2 (h) Performance of noncharitable functions by a charitable
3 organization that owns or uses exempt property does not result in
4 loss of an exemption authorized by this section if those other
5 functions are incidental to the organization's charitable
6 functions. The division of responsibilities between an
7 organization that qualifies as a charitable organization under
8 Subsection (c) and another organization will not disqualify the
9 organizations or any property owned or used by either organization
10 from receiving an exemption under this section if the collaboration
11 furthers the provision of one or more of the charitable functions
12 described in Subsection (d) and if the other organization:

13 (1) is exempt from federal income taxation under
14 Section 501(a), Internal Revenue Code of 1986, as an organization
15 described by Section 501(c)(3) or (8) of that code;

16 (2) meets the criteria for a charitable organization
17 under Subsections (e) and (f); and

18 (3) is under common control with the charitable
19 organization described in this subsection.

20 SECTION 2. This Act applies only to ad valorem taxes imposed
21 for a tax year beginning on or after the effective date of this Act.

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