

By: Coleman

H.B. No. 4509

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the exemption from ad valorem taxation of certain real
3 property owned by a nonprofit hospital or hospital system.

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

5 SECTION 1. Section 11.1801, Tax Code, is amended by adding
6 Subsections (k) through (r) to read as follows:

7 (k) This subsection and Subsections (l)-(r) apply only in
8 connection with real property that is owned by a nonprofit hospital
9 or hospital system and consists of:

10 (1) unimproved land on which an improvement is
11 proposed to provide charity care and community benefits as required
12 by this section;

13 (2) land on which is located an improvement or
14 incomplete improvement that is under physical preparation within
15 the meaning of Section 11.18(n); or

16 (3) land and an improvement on the land that is not
17 currently used to provide charity care and community benefits as
18 required by this section but is intended to be used for that purpose
19 or to be converted or reconstructed for that purpose.

20 (l) Notwithstanding Section 11.43(c), a person claiming an
21 exemption under 11.18(d)(1) for property to which this section
22 applies must apply each year for the exemption. In applying for the
23 exemption, a person seeking the exemption shall present a request
24 to the commissioner of the Department of State Health Services

1 detailing, as applicable:

2 (1) the proposed use of the land, the improvement, or
3 the incomplete improvement; or

4 (2) the proposed use of the land or the improvement
5 after conversion or reconstruction.

6 (m) Following submission of the information required by
7 Subsection (1), the commissioner of the Department of State Health
8 Services shall determine if the land or improvement qualifies for
9 an exemption under Section 11.18(d)(1). As soon as practicable,
10 the commissioner shall send notice by regular mail to the chief
11 appraiser of the appraisal district for the county in which the
12 property is located that the person has applied for a determination
13 under this subsection. The commissioner shall issue a letter to the
14 person stating the commissioner's determination of whether the
15 land or improvement qualifies for the exemption and send a copy of
16 the letter by regular mail to the chief appraiser of the appraisal
17 district for the county in which the property is located.

18 (n) Not later than the 20th day after the date of receipt of
19 the letter issued by the commissioner of the Department of State
20 Health Services, the person seeking the exemption or the chief
21 appraiser may appeal the commissioner's determination to the
22 executive commissioner of the Health and Human Services Commission.
23 The executive commissioner of the Health and Human Services
24 Commission shall consider the appeal as soon as practicable. The
25 person seeking the determination and the chief appraiser may
26 testify before the executive commissioner. The executive
27 commissioner of the Health and Human Services Commission may remand

1 the matter to the commissioner of the Department of State Health
2 Services for a new determination or deny the appeal and affirm the
3 determination of the commissioner of the Department of State Health
4 Services. On issuance of a new determination, the commissioner of
5 the Department of State Health Services shall issue a letter to the
6 person seeking the determination and provide a copy to the chief
7 appraiser as provided by Subsection (m). A new determination of the
8 commissioner of the Department of State Health Services may be
9 appealed to the executive commissioner of the Health and Human
10 Services Commission in the manner provided by this subsection. A
11 proceeding under this subsection is not a contested case for
12 purposes of Chapter 2001, Government Code.

13 (o) The commissioner of the Department of State Health
14 Services may charge a person seeking a determination that the
15 property qualifies for the exemption a fee not to exceed the
16 commissioner's administrative costs for processing the
17 information, making the determination, and issuing the letter
18 required by this section.

19 (p) The executive commissioner of the Health and Human
20 Services Commission shall adopt rules to implement this section.
21 Rules adopted under this section must:

22 (1) establish specific standards for considering
23 applications for determinations; and

24 (2) be sufficiently specific to ensure that
25 determinations are equal and uniform.

26 (q) The commissioner of the Department of State Health
27 Services may not make a determination that property qualifies for

1 an exemption under Section 11.18(d)(1) unless the property meets
2 the standards established under rules adopted under Subsection (p).

3 (r) A person seeking an exemption under Section 11.18(d)(1)
4 shall provide to the chief appraiser a copy of the letter issued by
5 the commissioner of the Department of State Health Services under
6 Subsection (m) determining that the property qualifies for the
7 exemption. The chief appraiser shall accept a final determination
8 by the commissioner of the Department of State Health Services as
9 conclusive evidence that the property qualifies for the exemption.

10 SECTION 2. This Act applies only to an ad valorem tax year
11 that begins on or after the effective date of this Act.

12 SECTION 3. This Act takes effect January 1, 2010.