

By: Wentworth

S.B. No. 475

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the exemption from ad valorem taxation of property
3 owned by certain organizations engaged primarily in performing
4 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 amending
7 Subsection (c) and adding Subsections (l), (m), and (n) to read as
8 follows:

9 (c) A [~~If approved under Subsection (b), a~~] qualified
10 charitable organization is entitled to an exemption from taxation
11 of:

12 (1) the buildings and other real property and the
13 tangible personal property that:

14 (A) are owned by the organization; and

15 (B) except as permitted by Subsection (d), are
16 used exclusively by the organization and other organizations
17 eligible for an exemption from taxation under this section or
18 Section 11.18; and

19 (2) the real property owned by the organization
20 consisting of:

21 (A) an incomplete improvement that:

22 (i) is under active construction or other
23 physical preparation; and

24 (ii) is designed and intended to be used

1 exclusively by the organization and other organizations eligible
2 for an exemption from taxation under this section or Section 11.18;
3 and

4 (B) the land on which the incomplete improvement
5 is located that will be reasonably necessary for the use of the
6 improvement by the organization and other organizations eligible
7 for an exemption from taxation under this section or Section 11.18.

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

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

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

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

24 (m) Before a corporation described by Subsection (1) may
25 submit an application for an exemption under this section, the
26 qualified charitable organization for which the corporation holds
27 title to the property must apply to the comptroller for the

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

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

18 SECTION 2. Section 11.184(b), Tax Code, is repealed.

19 SECTION 3. This Act applies only to ad valorem taxes imposed
20 for a tax year that begins on or after the effective date of this
21 Act.

22 SECTION 4. This Act takes effect January 1, 2010.