

1-1 By: Wentworth, et al. S.B. No. 475
1-2 (In the Senate - Filed January 13, 2009; February 17, 2009,
1-3 read first time and referred to Committee on Finance;
1-4 April 14, 2009, reported favorably by the following vote: Yeas 13,
1-5 Nays 0; April 14, 2009, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the exemption from ad valorem taxation of property
1-9 owned by certain organizations engaged primarily in performing
1-10 charitable functions.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Section 11.184, Tax Code, is amended by amending
1-13 Subsection (c) and adding Subsections (l), (m), and (n) to read as
1-14 follows:

1-15 (c) A ~~[If approved under Subsection (b), a]~~ qualified
1-16 charitable organization is entitled to an exemption from taxation
1-17 of:

1-18 (1) the buildings and other real property and the
1-19 tangible personal property that:

1-20 (A) are owned by the organization; and

1-21 (B) except as permitted by Subsection (d), are
1-22 used exclusively by the organization and other organizations
1-23 eligible for an exemption from taxation under this section or
1-24 Section 11.18; and

1-25 (2) the real property owned by the organization
1-26 consisting of:

1-27 (A) an incomplete improvement that:

1-28 (i) is under active construction or other
1-29 physical preparation; and

1-30 (ii) is designed and intended to be used
1-31 exclusively by the organization and other organizations eligible
1-32 for an exemption from taxation under this section or Section 11.18;
1-33 and

1-34 (B) the land on which the incomplete improvement
1-35 is located that will be reasonably necessary for the use of the
1-36 improvement by the organization and other organizations eligible
1-37 for an exemption from taxation under this section or Section 11.18.

1-38 (l) Notwithstanding the other provisions of this section, a
1-39 corporation that is not a qualified charitable organization is
1-40 entitled to an exemption from taxation of property under this
1-41 section if:

1-42 (1) the corporation is exempt from federal income
1-43 taxation under Section 501(a), Internal Revenue Code of 1986, by
1-44 being listed as an exempt entity under Section 501(c)(2) of that
1-45 code;

1-46 (2) the corporation holds title to the property for,
1-47 collects income from the property for, and turns over the entire
1-48 amount of that income, less expenses, to a qualified charitable
1-49 organization; and

1-50 (3) the qualified charitable organization would
1-51 qualify for an exemption from taxation of the property under this
1-52 section if the qualified charitable organization owned the
1-53 property.

1-54 (m) Before a corporation described by Subsection (l) may
1-55 submit an application for an exemption under this section, the
1-56 qualified charitable organization for which the corporation holds
1-57 title to the property must apply to the comptroller for the
1-58 determination described by Subsection (e) with regard to the
1-59 qualified charitable organization. The application for the
1-60 determination must also include an application to the comptroller
1-61 for a determination of whether the corporation meets the
1-62 requirements of Subsections (1)(1) and (2). The corporation shall
1-63 submit with the application for an exemption under this section a
1-64 copy of the determination letter issued by the comptroller. The

2-1 chief appraiser shall accept the copy of the letter as conclusive
2-2 evidence of the matters described by Subsection (h) as well as of
2-3 whether the corporation meets the requirements of Subsections
2-4 (1)(1) and (2).

2-5 (n) Notwithstanding Subsection (k), in order for a
2-6 corporation to continue to receive an exemption under Subsection
2-7 (l) after the fifth tax year after the year in which the exemption
2-8 is granted, the qualified charitable organization for which the
2-9 corporation holds title to property must obtain a new determination
2-10 letter and the corporation must reapply for the exemption.

2-11 SECTION 2. Subsection (b), Section 11.184, Tax Code, is
2-12 repealed.

2-13 SECTION 3. This Act applies only to ad valorem taxes imposed
2-14 for a tax year that begins on or after the effective date of this
2-15 Act.

2-16 SECTION 4. This Act takes effect January 1, 2010.

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