

By: Ellis

S.B. No. 1131

A BILL TO BE ENTITLED

AN ACT

relating to the exemption from ad valorem taxation of real property leased to and used by certain schools.

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

SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.211 to read as follows:

Sec. 11.211. REAL PROPERTY LEASED TO CERTAIN SCHOOLS. (a)

A person is entitled to an exemption from taxation of the real property that the person owns and leases to a school that is qualified as provided by Section 11.21(d) if:

(1) the real property is used exclusively by the school for educational functions;

(2) the rental for the real property on an annual basis is not more than one percent of the property's market value;

(3) the school owns a building or facility on the leased property in which the school operates; and

(4) the real property is reasonably necessary for the operation of the school.

(b) Section 25.07 does not apply to a leasehold interest in property for which the owner receives an exemption under this section.

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

SECTION 3. This Act takes effect January 1, 2014, but only

1 if the constitutional amendment authorizing the legislature to
2 exempt from ad valorem taxation real property leased to certain
3 schools organized and operated primarily for the purpose of
4 engaging in educational functions is approved by the voters. If
5 that amendment is not approved by the voters, this Act has no
6 effect.