

By: Canales

H.B. No. 3420

A BILL TO BE ENTITLED

AN ACT

relating to the exemption from ad valorem taxation for property used by certain nonprofit community business organizations to provide services to aid in the economic development of local communities.

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

SECTION 1. Section 11.231(a), Tax Code, is amended to read as follows:

(a) In this section, "nonprofit community business organization" means an organization that meets the following requirements:

(1) the organization has been in existence for at least the preceding five years;

(2) the organization:

(A) is a nonprofit corporation governed by ~~[organized under the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes) or a nonprofit corporation formed under]~~ the Texas Nonprofit Corporation Law, as described by Section 1.008, Business Organizations Code;

(B) is a nonprofit organization described by Section 501(c)(6), Internal Revenue Code of 1986; and

(C) is not a statewide organization; and

~~(3) [for at least the preceding three years, the organization has maintained a dues-paying membership of at least 50~~

1 ~~members, and~~

2 ~~(4)~~ the organization:

3 (A) ~~[has a board of directors elected by the~~
4 ~~members,~~

5 ~~(B)~~ does not compensate members of the board of
6 directors for service on the board;

7 (B) ~~(C)~~ with respect to its activities in this
8 state, is engaged primarily in performing functions listed in
9 Subsection (d);

10 (C) ~~(D)~~ is primarily supported by membership
11 dues and other income from activities substantially related to its
12 primary functions; and

13 (D) ~~(E)~~ is not, has not formed, and does not
14 financially support a political committee as defined by Section
15 [251.001](#), Election Code.

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

19 SECTION 3. This Act takes effect January 1, 2016.