

## **BILL ANALYSIS**

Senate Research Center  
85R11394 SMT-D

S.B. 1345  
By: Watson  
Finance  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

A wide variety of charitable organizations receive a property tax exemption for their buildings and tangible personal property if they meet the explicit criteria in Section 11.18, Tax Code, and the property is used exclusively by the qualified charitable organization.

Some of the organizations eligible for a property tax exemption perform the following services: provide health care without regard to the beneficiaries' ability to pay; support low-income senior citizens and the disabled; preserve historical landmarks; operate a museum or symphony; promote athletic development among children; preserve wildlife; promote education development through loans or scholarships to students; promote humane treatment of animals; or operate a radio or television station that provides public interest programming.

Non-profit community tax centers, however, do not currently qualify for the exemption despite their work to help low-income Texans complete tax forms, student financial aid forms, and assist with other financial matters.

S.B. 1345 extends the property tax exemption provided in Section 11.18, Tax Code, to charitable organizations that provide, without regard to the beneficiaries' ability to pay, tax return preparation services and assistance with other financial matters.

As proposed, S.B. 1345 amends current law relating to the exemption from ad valorem taxation of property owned by a charitable organization and used to provide tax return preparation and other financial services without regard to the beneficiaries' ability to pay.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 11.18(d), Tax Code, as follows:

(d) Requires that a charitable organization must be organized exclusively to perform religious, charitable, scientific, literary, or educational purposes and, except as permitted by Subsections (h) (relating to charitable organizations performing noncharitable functions on property not resulting in a loss of tax exemption) and (l) (relating to requiring a charitable organization that provides support to the elderly to engage in other activities that support or are related to its charitable foundation), engage exclusively in performing one or more of certain charitable functions, including providing support, without regard to the beneficiaries' ability to pay, to the handicapped, including training and employment in the provision of services under 41 U.S.C. Sections 8501-8506, rather than Sections 46-48(c), and providing, without regard to the beneficiaries' ability to pay, tax return preparation services and assistance with other financial matters. Makes a nonsubstantive change.

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

SECTION 3. Effective date: January 1, 2018.