

By: Murphy, Frank, Villalba, Wu, Raymond,  
et al.

H.B. No. 382

Substitute the following for H.B. No. 382:

By: Darby

C.S.H.B. No. 382

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 portion of  
the real property that the person owns and leases to an  
open-enrollment charter school authorized by Subchapter D, Chapter  
12, Education Code, that is qualified as provided by Section  
11.21(d) of this code if:

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

(2) the real property is reasonably necessary for the  
operation of the school;

(3) the owner certifies by affidavit to the school  
that the rent for the lease of the real property will be reduced by  
an amount equal to the amount by which the taxes on the property are  
reduced as a result of the exemption;

(4) the owner provides the school with a disclosure  
document stating the amount by which the taxes on the real property  
are reduced as a result of the exemption and the method the owner  
will implement to ensure that the rent charged for the lease of the

1 property fully reflects that reduction; and

2 (5) the rent charged for the lease of the real property  
3 reflects the reduction in the amount of taxes on the property  
4 resulting from the exemption through a monthly or annual credit  
5 against the rent.

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

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

11 SECTION 3. This Act takes effect January 1, 2018, but only  
12 if the constitutional amendment proposed by the 85th Legislature,  
13 Regular Session, 2017, authorizing the legislature to exempt from  
14 ad valorem taxation real property leased to certain schools  
15 organized and operated primarily for the purpose of engaging in  
16 educational functions is approved by the voters. If that amendment  
17 is not approved by the voters, this Act has no effect.