

By: Creighton

S.B. No. 2345

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, 2020, but only
12 if the constitutional amendment proposed by the 86th Legislature,
13 Regular Session, 2019, 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.