H.B. No. 3610

AN ACT

relating to the applicability of certain laws to certain public schools and certain requirements of a charter school that receives certain tax exemptions.

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

SECTION 1.  Section 12.1058(a), Education Code, is amended to read as follows:

(a)  An open-enrollment charter school is considered to be:

(1)  a local government for purposes of Chapter 791, Government Code;

(2)  a local government for purposes of Chapter 2259, Government Code, except that an open-enrollment charter school may not issue public securities as provided by Section 2259.031(b), Government Code;

(3)  a political subdivision for purposes of Chapter 172, Local Government Code; [~~and~~]

(4)  a local governmental entity for purposes of Subchapter I, Chapter 271, Local Government Code;

(5)  a political subdivision for purposes of Section 16.061, Civil Practice and Remedies Code, with respect to any property purchased, leased, constructed, renovated, or improved with state funds under Section 12.128 of this code; and

(6)  a political subdivision for purposes of Section 11.11, Tax Code.

SECTION 2.  Sections 12.128(a) and (a-1), Education Code, are amended to read as follows:

(a)  Property purchased with funds received by a charter holder under Section 12.106 [~~after September 1, 2001~~]:

(1)  is considered to be public property for all purposes under state law;

(2)  is property of this state held in trust by the charter holder for the benefit of the students of the open-enrollment charter school; [~~and~~]

(3)  may be used only for a purpose for which a school district may use school district property; and

(4)  is exempt from ad valorem taxation as provided by Section 11.11, Tax Code.

(a-1)  Property leased with funds received by a charter holder under Section 12.106 [~~after September 1, 2001~~]:

(1)  is considered to be public property for all purposes under state law;

(2)  is property of this state held in trust by the charter holder for the benefit of the students of the open-enrollment charter school; [~~and~~]

(3)  may be used only for a purpose for which a school district may use school district property; and

(4)  is exempt from ad valorem taxation as provided by Section 11.11, Tax Code.

SECTION 3.  Section 12.128, Education Code, is amended by adding Subsection (a-2) to read as follows:

(a-2)  The owner of property that receives a tax exemption under Subsection (a) shall transfer the amount of tax savings from the exemption to the tenant or reduce the common area maintenance fee in a proportionate amount based upon the square footage of the exempt portion of the property.

SECTION 4.  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. The portion of real property that is leased to an independent school district, community college district, or open-enrollment charter school authorized by Subchapter C, D, or E, Chapter 12, Education Code, is qualified and exempt from taxation pursuant to Sections 11.11 and 11.21 of this code if the portion of the real property that is leased to the public school is:

(1)  used exclusively by the public school for the operation or administration of the school or the performance of other educational functions of the school; and

(2)  reasonably necessary for a purpose described in Subdivision (1) as found by the school's governing body.

SECTION 5.  The change in law made by this Act applies only to ad valorem taxes imposed in a tax year that begins on or after the effective date of this Act.

SECTION 6.  This Act takes effect September 1, 2021.

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    President of the Senate Speaker of the House

I certify that H.B. No. 3610 was passed by the House on May 8, 2021, by the following vote:  Yeas 65, Nays 60, 2 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 3610 was passed by the Senate on May 22, 2021, by the following vote:  Yeas 19, Nays 11.

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Secretary of the Senate

APPROVED:  \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

                    Date

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                  Governor