

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**April 10, 2021**

**TO:** Honorable Morgan Meyer, Chair, House Committee on Ways & Means

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB349** by Craddick (Relating to the exemption from ad valorem taxation of certain property owned by a charitable organization and used in providing housing and related services to certain homeless individuals.), **As Introduced**

**Passage of the bill would increase the number of organizations that could qualify for the property tax exemption for charitable organizations. As a result, taxable property values could be reduced and the related costs to the Foundation School Fund could be increased through the operation of the school finance formulas.**

The bill would amend Section 11.18(p) of the Tax Code to exempt property owned by a charitable organization that has been in existence for at least two years and is located on or consists of a single campus in a city with a population of more than 100,000 and less than 150,000, part of which is located in a county with a population less than 5,000.

The addition to charitable organizations that can qualify for the property tax exemption would result in more properties being eligible for the exemption. As a result, taxable property values could be reduced and the related costs to the Foundation School Fund could be increased through the operation of the school finance formulas. Property qualifying under the new two-year requirement for charitable organizations would be limited to property located on or consisting of a single campus in Midland. The value of property owned by the eligible charitable organizations that would be exempt under the bill and that is not already exempt is unknown. Consequently, the cost of the bill cannot be estimated.

The bill would take effect January 1, 2022.

**Local Government Impact**

Passage of the bill would increase the number of organizations that could qualify for the property tax exemption for charitable organizations. As a result, taxable property values could be reduced and the related ad valorem revenue for units of local government could be reduced.

Property qualifying under the new two-year requirement for charitable organizations would be limited to property located on or consisting of a single campus in Midland.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JMc, KK, SD, BRI