

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 5, 2021

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB330 by Lucio (Relating to the exemption from ad valorem taxation of property owned by a charitable organization that provides a meeting place and support services for organizations that provide assistance to persons with substance use disorders and their families.), **As Introduced**

Passage of the bill would expand the qualifying activities to be considered a charitable organization for the purposes of property tax exemptions to include providing a meeting place and support services for organizations that provide assistance to persons with substance use disorders and their families without regard to the beneficiaries' ability to pay. 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 Chapter 11 of the Tax Code, regarding property tax exemptions, to add providing a meeting place and support services for organizations that provide assistance to persons with substance use disorders and their families to the list of charitable functions that would enable a charitable organization to qualify for a property tax exemption of certain real and personal property.

Adding a new function that qualifies charitable organizations for a property tax exemption would create a cost to local taxing units and the state through the school funding formulas by exempting real and personal property owned by charitable organization providing meeting places as specified. The number of eligible charitable organizations and value of additional property that would be exempt under the bill is unknown. Consequently, the cost of the bill cannot be estimated.

Local Government Impact

Passage of the bill would expand the qualifying activities to be considered a charitable organization for the purposes of property tax exemptions to include providing a meeting place and support services for organizations that provide assistance to persons with substance use disorders and their families without regard to the beneficiaries' ability to pay. As a result, taxable property values and the related ad valorem tax revenue for units of local government could be reduced.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD, BRI