

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

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

**April 24, 2021**

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

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

**IN RE: SB734** by Paxton (Relating to an exemption from ad valorem taxation of property owned by a charitable organization that provides services related to the placement of a child in a foster or adoptive home.), **As Introduced**

**Passage of the bill would expand the list of charitable functions that enable a charitable organization to qualify for a property tax exemption to include places that provide services related to planning for the placement of or placing children in foster or adoptive homes or provide support or relief to women who are or may be pregnant and who are considering placing their unborn children for adoption. 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 taxable property and exemptions, to add to the list of charitable functions that enable a charitable organization to qualify for a property tax exemption of certain real and personal property. The bill would add places that provide services related to planning for the placement of or placing children in foster or adoptive homes or provide support or relief to women who are or may be pregnant and who are considering placing their unborn children for adoption to the list of qualifying functions.

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 school funding formulas by exempting real and personal property owned by charitable organizations providing services as specified in the bill. 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.

The bill would take effect January 1, 2022.

**Local Government Impact**

Passage of the bill would expand the list of charitable functions that enable a charitable organization to qualify for a property tax exemption to include places that provide services related to planning for the placement of or placing children in foster or adoptive homes or provide support or relief to women who are or may be pregnant and who are considering placing their unborn children for adoption. 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