H.B. No. 456

AN ACT

relating to an exemption from ad valorem taxation of certain interests in a mineral in place owned by certain charitable organizations.

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

SECTION 1.  Section 11.18(a), Tax Code, is amended to read as follows:

(a)  An organization that qualifies as a charitable organization as provided by this section is entitled to an exemption from taxation of:

(1)  the buildings and tangible personal property that:

(A)  are owned by the charitable organization; and

(B)  except as permitted by Subsection (b), are used exclusively by qualified charitable organizations; [~~and~~]

(2)  the real property owned by the charitable organization consisting of:

(A)  an incomplete improvement that:

(i)  is under active construction or other physical preparation; and

(ii)  is designed and intended to be used exclusively by qualified charitable organizations; and

(B)  the land on which the incomplete improvement is located that will be reasonably necessary for the use of the improvement by qualified charitable organizations; and

(3)  if the charitable organization is described by Subsection (d)(1), (2), (3)(A)(ii), (5), (8), (13), (15), or (19), the real property owned by the charitable organization consisting of an interest in a mineral in place, including a royalty interest, provided that the interest:

(A)  is not severed from the surface estate; or

(B)  was donated to the charitable organization by the previous owner of the interest.

SECTION 2.  This Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 3.  This Act takes effect January 1, 2024.

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    President of the Senate Speaker of the House

I certify that H.B. No. 456 was passed by the House on April 5, 2023, by the following vote:  Yeas 145, Nays 1, 2 present, not voting; and that the House concurred in Senate amendments to H.B. No. 456 on May 25, 2023, by the following vote:  Yeas 135, Nays 2, 1 present, not voting.

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Chief Clerk of the House

I certify that H.B. No. 456 was passed by the Senate, with amendments, on May 21, 2023, by the following vote:  Yeas 29, Nays 2.

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Secretary of the Senate

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

                 Date

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               Governor