88R3245 LHC-D

By:  Craddick H.B. No. 456

A BILL TO BE ENTITLED

AN ACT

relating to an exemption from ad valorem taxation of certain royalty interests owned by a charitable organization.

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)  a royalty interest, as defined by Section 201.001, owned by the organization.

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.