88R15782 DRS-F

By:  Button H.B. No. 4774

A BILL TO BE ENTITLED

AN ACT

relating to the exemption from ad valorem taxation of property owned by an organization engaged primarily in performing charitable functions.

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

SECTION 1.  Section 11.184, Tax Code, is amended by amending Subsection (k) and adding Subsections (k-1), (k-2), (k-3), and (k-4) to read as follows:

(k)  An exemption under this section expires when:

(1)  the organization no longer owns the property described by Subsection (c); or

(2)  the comptroller determines based on the factors provided by Subsection (e) that the organization no longer qualifies for an exemption [~~at the end of the fifth tax year after the year in which the exemption is granted.  To continue to receive an exemption under this section after that year, the organization must obtain a new determination letter and reapply for the exemption~~].

(k-1)  An organization receiving an exemption under this section shall notify the comptroller and the chief appraiser of the appraisal district established for the county in which the exempt property is located of each of the following material changes not later than the 30th day after the date the material change occurs:

(1)  the organization sells or otherwise disposes of the property that is subject to the exemption;

(2)  the Internal Revenue Service determines that the organization is no longer an exempt entity under Section 501(c)(3), Internal Revenue Code of 1986; or

(3)  the organization no longer qualifies for an exemption under Section 151.310.

(k-2)  Notwithstanding Subsection (k), an organization that received an exemption granted under this section that expired before September 1, 2023, is entitled to an automatic reinstatement of the expired exemption under this section for each tax year following the tax year in which the exemption expired if the organization:

(1)  still owns the property that was exempt from taxation under this section;

(2)  has a valid determination letter issued by the comptroller under Subsection (f); and

(3)  submits a written request to the chief appraiser of the appraisal district established for the county in which the exempt property is located that includes:

(A)  proof that the organization was previously granted an exemption under this section for the property that is the subject of the request; and

(B)  a copy of the determination letter issued by the comptroller under Subsection (f).

(k-3)  If an organization is entitled to continue to receive an exemption under Subsection (k-2), the exemption remains in effect until it expires as provided by Subsection (k).

(k-4)  An organization that is entitled to continue to receive an exemption under Subsection (k-2) does not owe any tax on the exempt property for the period starting on the date the exemption expired under Subsection (k) and ending on the date the organization is entitled to continue to receive the exemption under Subsection (k-2). If the organization paid taxes on the property during that period, the collector shall refund to the organization the amount of tax imposed on the property. The collector shall pay the refund not later than the 30th day after the date the chief appraiser notifies the collector of the approval of the continued exemption under Subsection (k-2).

SECTION 2.  Section 11.43(c), Tax Code, is amended to read as follows:

(c)  An exemption provided by Section 11.13, 11.131, 11.132, 11.133, 11.134, 11.17, 11.18, 11.182, 11.1827, 11.183, 11.184, 11.19, 11.20, 11.21, 11.22, 11.23(a), (h), (j), (j-1), or (m), 11.231, 11.254, 11.27, 11.271, 11.29, 11.30, 11.31, 11.315, or 11.35, once allowed, need not be claimed in subsequent years, and except as otherwise provided by Subsection (e), the exemption applies to the property until it changes ownership or the person's qualification for the exemption changes.  However, except as provided by Subsection (r), the chief appraiser may require a person allowed one of the exemptions in a prior year to file a new application to confirm the person's current qualification for the exemption by delivering a written notice that a new application is required, accompanied by an appropriate application form, to the person previously allowed the exemption.  If the person previously allowed the exemption is 65 years of age or older, the chief appraiser may not cancel the exemption due to the person's failure to file the new application unless the chief appraiser complies with the requirements of Subsection (q), if applicable.

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