By:  West, Blanco, Eckhardt S.B. No. 1145

A BILL TO BE ENTITLED

AN ACT

relating to a local option exemption from ad valorem taxation by a county or municipality of all or part of the appraised value of real property used to operate a child-care facility.

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

SECTION 1.  Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.36 to read as follows:

Sec. 11.36.  CHILD-CARE FACILITIES. (a) In this section:

(1)  "Child-care facility" means a facility licensed by the Health and Human Services Commission to provide assessment, care, training, education, custody, treatment, or supervision for a child who is not related by blood, marriage, or adoption to the owner or operator of the facility, for all or part of the 24-hour day, whether or not the facility is operated for profit or charges for the services it offers.

(2)  "Qualifying child-care facility" means a child-care facility:

(A)  the owner or operator of which participates in the Texas Workforce Commission's Texas Rising Star Program as described by Section 2308.3155, Government Code, for that facility; and

(B)  at which at least 20 percent of the total number of children enrolled at the facility receive subsidized child-care services provided through the child-care services program administered by the Texas Workforce Commission.

(b)  Subject to Subsection (d), if the governing body of a county or municipality in the manner required by law for official action by the governing body adopts the exemption, a person is entitled to an exemption from taxation by the county or municipality of all or part of the appraised value of:

(1)  the real property the person owns and operates as a qualifying child-care facility; or

(2)  the portion of the real property that the person owns and leases to a person who uses the property to operate a qualifying child-care facility.

(c)  The governing body of a county or municipality may adopt the exemption authorized by this section as a percentage of the appraised value of the property. The percentage specified by the governing body may not be less than 50 percent.

(d)  To qualify for the exemption authorized by this section, the property must be:

(1)  except as provided by Subsection (e), used exclusively to provide developmental and educational services for children attending the child-care facility; and

(2)  reasonably necessary for the operation of the child-care facility.

(e)  The use of exempt property for functions other than providing developmental and educational services for children attending the child-care facility located on the property does not result in the loss of an exemption authorized by this section if those other functions are incidental to the use of the property for providing those services to those children and benefit:

(1)  those children; or

(2)  the staff and faculty of the facility.

(f)  A person who claims an exemption under Subsection (b)(2) must include with the application for the exemption an affidavit certifying to the chief appraiser for the appraisal district that appraises the property that is the subject of the application that:

(1)  the person has provided to the child-care facility to which the property is leased a disclosure document stating the amount by which the taxes on the property are reduced as a result of the exemption and the method the person will implement to ensure that the rent charged for the lease of the property fully reflects that reduction;

(2)  the rent charged for the lease of the property reflects the reduction in the amount of taxes on the property resulting from the exemption through a monthly or annual credit against the rent; and

(3)  the person does not charge rent for the lease of the property in an amount that exceeds:

(A)  for property that consists of space in a commercial property, the rent charged by the person to other tenants of the commercial property for similar space; or

(B)  for property other than property described by Paragraph (A), the average rent charged for comparable rental property.

(g)  Notwithstanding any other provision of this section, a person may not claim an exemption under Subsection (b)(2) for property:

(1)  for which the person claims an exemption under Section 11.13; or

(2)  any part of which is leased by the person to another person for use as a principal residence.

(h)  Property is not ineligible for an exemption under this section if a portion of the property is used for functions other than those described by Subsections (d) and (e). However, the exemption does not apply to the value of the portion of the property that is used for those other functions.

(i)  Section 25.07 does not apply to a leasehold interest in property for which the owner receives an exemption under this section.

(j)  The comptroller may adopt rules and forms necessary for the administration of this section.

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, 11.19, 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, or 11.36, 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 applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 4.  This Act takes effect January 1, 2024, but only if the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, authorizing a local option exemption from ad valorem taxation by a county or municipality of all or part of the appraised value of real property used to operate a child-care facility is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.