88R11272 CJC-F

By:  West S.B. No. 1145

A BILL TO BE ENTITLED

AN ACT

relating to an exemption from ad valorem taxation 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 that is accredited by a nationally recognized accrediting organization for child-care or early childhood education facilities or programs approved by the Texas Workforce Commission and the Department of Family and Protective Services as applying criteria for accreditation adequate to ensure the quality of an accredited facility or program, such as the National Association for the Education of Young Children or the National Early Childhood Program Accreditation Commission.

(b)  Subject to Subsection (c), a person is entitled to an exemption from taxation 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)  To qualify for the exemption authorized by this section, the property must be:

(1)  except as provided by Subsection (d), 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.

(d)  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.

(e)  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; and

(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.

(f)  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 (c) and (d). However, the exemption does not apply to the value of the portion of the property that is used for those other functions.

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

(h)  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 the legislature to exempt from ad valorem taxation 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.