

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,

1 owned by the organization.

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

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