

By: Zaffirini

S.B. No. 2398

A BILL TO BE ENTITLED

AN ACT

relating to an exemption from ad valorem taxation of real property owned by a charitable organization for the purpose of renting the property at below-market rates to low-income and moderate-income households.

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

SECTION 1. Section 11.18, Tax Code, is amended by amending Subsection (d) and adding Subsection (r) to read as follows:

(d) A charitable organization must be organized exclusively to perform religious, charitable, scientific, literary, or educational purposes and, except as permitted by Subsections (h) and (l), engage exclusively in performing one or more of the following charitable functions:

(1) providing medical care without regard to the beneficiaries' ability to pay, which in the case of a nonprofit hospital or hospital system means providing charity care and community benefits in accordance with Section 11.1801;

(2) providing support or relief to orphans, delinquent ~~or~~ dependent ~~or handicapped~~ children in need of residential care, children with disabilities in need of residential care, abused or battered spouses or children in need of temporary shelter, the impoverished, or victims of natural disaster without regard to the beneficiaries' ability to pay;

(3) providing support without regard to the

beneficiaries' ability to pay to:

(A) elderly persons, including the provision of:

(i) recreational or social activities; and

(ii) facilities designed to address the special needs of elderly persons; or

(B) persons with disabilities ~~[the handicapped]~~, including training and employment:

(i) in the production of commodities; or

(ii) in the provision of services under 41 U.S.C. Sections 8501-8506;

(4) preserving a historical landmark or site;

(5) promoting or operating a museum, zoo, library, theater of the dramatic or performing arts, or symphony orchestra or choir;

(6) promoting or providing humane treatment of animals;

(7) acquiring, storing, transporting, selling, or distributing water for public use;

(8) answering fire alarms and extinguishing fires with no compensation or only nominal compensation to the members of the organization;

(9) promoting the athletic development of boys or girls under the age of 18 years;

(10) preserving or conserving wildlife;

(11) promoting educational development through loans or scholarships to students;

(12) providing halfway house services pursuant to a

1 certification as a halfway house by the parole division of the Texas
2 Department of Criminal Justice;

3 (13) providing permanent housing and related social,
4 health care, and educational facilities for persons who are 62
5 years of age or older without regard to the residents' ability to
6 pay;

7 (14) promoting or operating an art gallery, museum, or
8 collection, in a permanent location or on tour, that is open to the
9 public;

10 (15) providing for the organized solicitation and
11 collection for distributions through gifts, grants, and agreements
12 to nonprofit charitable, education, religious, and youth
13 organizations that provide direct human, health, and welfare
14 services;

15 (16) performing biomedical or scientific research or
16 biomedical or scientific education for the benefit of the public;

17 (17) operating a television station that produces or
18 broadcasts educational, cultural, or other public interest
19 programming and that receives grants from the Corporation for
20 Public Broadcasting under 47 U.S.C. Section 396, as amended;

21 (18) providing housing for low-income and
22 moderate-income families, for unmarried individuals 62 years of age
23 or older, for ~~handicapped~~ individuals with disabilities, and for
24 families displaced by urban renewal, through the use of trust
25 assets that are irrevocably and, pursuant to a contract entered
26 into before December 31, 1972, contractually dedicated on the sale
27 or disposition of the housing to a charitable organization that

1 performs charitable functions described by Subdivision (9);

2 (19) providing housing and related services to persons
3 who are 62 years of age or older in a retirement community, if the
4 retirement community provides independent living services,
5 assisted living services, and nursing services to its residents on
6 a single campus:

7 (A) without regard to the residents' ability to
8 pay; or

9 (B) in which at least four percent of the
10 retirement community's combined net resident revenue is provided in
11 charitable care to its residents;

12 (20) providing housing on a cooperative basis to
13 students of an institution of higher education if:

14 (A) the organization is exempt from federal
15 income taxation under Section 501(a), Internal Revenue Code of
16 1986, as amended, by being listed as an exempt entity under Section
17 501(c)(3) of that code;

18 (B) membership in the organization is open to all
19 students enrolled in the institution and is not limited to those
20 chosen by current members of the organization;

21 (C) the organization is governed by its members;
22 and

23 (D) the members of the organization share the
24 responsibility for managing the housing;

25 (21) acquiring, holding, and transferring unimproved
26 real property under an urban land bank demonstration program
27 established under Chapter [379C](#), Local Government Code, as or on

1 behalf of a land bank;

2 (22) acquiring, holding, and transferring unimproved
3 real property under an urban land bank program established under
4 Chapter 379E, Local Government Code, as or on behalf of a land bank;

5 (23) providing housing and related services to
6 individuals who:

7 (A) are unaccompanied and homeless and have a
8 disabling condition; and

9 (B) have been continuously homeless for a year or
10 more or have had at least four episodes of homelessness in the
11 preceding three years;

12 (24) operating a radio station that broadcasts
13 educational, cultural, or other public interest programming,
14 including classical music, and that in the preceding five years has
15 received or been selected to receive one or more grants from the
16 Corporation for Public Broadcasting under 47 U.S.C. Section 396, as
17 amended; ~~or~~

18 (25) providing, without regard to the beneficiaries'
19 ability to pay, tax return preparation services and assistance with
20 other financial matters; or

21 (26) providing:

22 (A) services as a HUD-approved housing
23 counseling agency, as defined by 24 C.F.R. Section 214.3, without
24 regard to the beneficiaries' ability to pay; and

25 (B) rental housing to low-income and
26 moderate-income households at below-market rates.

27 (r) The exemption authorized by Subsection (d)(26) applies

1 only to property that is:

2 (1) used to provide rental housing to low-income and
3 moderate-income households at below-market rates; and

4 (2) located in a municipality with a population of
5 200,000 or more that is located in a county on the Texas-Mexico
6 border that has a population of less than 300,000.

7 SECTION 2. This Act applies only to an ad valorem tax year
8 that begins on or after the effective date of this Act.

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