

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 6, 2023

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3691 by Hefner (relating to the exemption from ad valorem taxation of certain property owned by a charitable organization that is engaged in providing housing and related facilities and services to persons who are at least 62 years of age.), **Committee Report 1st House, Substituted**

Passage of the bill would expand eligibility for the exemption for certain charitable organizations to include organizations that provide charitable housing and services to persons who are at least 62 years of age, with some qualifications. As a result, taxable property values could be reduced and the related costs to the Foundation School Fund could be increased through the operation of the school finance formulas.

The bill would amend Chapter 11 of the Tax Code, relating to Taxable Property and Exemptions, to expand eligibility for the exemption for certain charitable organizations to include organizations that provide charitable housing and services, in an amount not less than four percent of the organization's net resident revenue, to persons who are at least 62 years of age. The bill would add a definition for “charitable housing and services”.

To the extent the bill would result in an increase in the number of organizations eligible for exemption, there would be reduced taxable property value and a cost to the state through the operation of school funding formulas. However, the number of newly-qualifying organizations associated with the bill's provisions is unknown; consequently, the taxable property value loss cannot be determined.

Local Government Impact

Passage of the bill would expand eligibility for the exemption for certain charitable organizations to include organizations that provide charitable housing and services to persons who are at least 62 years of age, with some qualifications. As a result, taxable property values could be reduced. However, the no-new-revenue and voter-approval tax rates as provided by Section 26.04, Tax Code could be higher as a consequence of the reduced taxable value proposed by the bill.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD, BRI