

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**April 26, 2023**

**TO:** Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: SB480** by Kolkhorst (Relating to the eligibility for an exemption from ad valorem taxation of property owned by a charitable organization that provides rental housing constructed, rehabilitated, or purchased with money awarded through a program administered by the General Land Office.), **As Introduced**

Passage of the bill would prohibit real property that consists of rental housing constructed, rehabilitated, or purchased wholly or partly with money awarded through a program administered by the General Land Office from being eligible for the property tax exemption for charitable organizations providing support or relief to orphans, delinquent, dependent, or handicapped children. As a result, taxable property values could be increased and the related costs to the Foundation School Fund could be decreased through the operation of the school finance formulas.

The bill would amend Chapter 11 of the Tax Code to stipulate that the exemption for charitable organizations providing support or relief to orphans, delinquent, dependent, or handicapped children does not apply to real property that consists of rental housing constructed, rehabilitated, or purchased wholly or partly with money awarded through a program administered by the General Land Office.

Reducing the types of real property owned by a charitable organization that qualify for a property tax exemption would create a savings to the state through the operation of the school funding formulas by allowing taxation of the real property owned by charitable organizations used to provide services specified in the bill if purchased with money awarded through a program administered by the General Land Office.

**Local Government Impact**

Passage of the bill would reduce the real property that is eligible for the property tax exemption for charitable organizations providing support or relief to orphans, delinquent, dependent, or handicapped children. As a result, taxable property values could be increased. However, the no-new-revenue and voter-approval tax rates as provided by Section 26.04, Tax Code could be lower as a consequence of the increased taxable proposed by the bill.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JMc, AF, SD, BRI