

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 17, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB719 by Paxton (Relating to an exemption from ad valorem taxation of property owned by a charitable organization that provides services related to the placement of a child in a foster or adoptive home.), **As Introduced**

Passage of the bill would add to the list of charitable functions that entitle a charitable organization to qualify for a property tax exemption to include places that provide services related to planning for the placement of or placing children in foster or adoptive homes or provide support or relief to women who are or may be pregnant and are considering placing their unborn children for adoption. 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 add to the list of charitable functions that enable a charitable organization to qualify for a property tax exemption of certain real and personal property. The bill would add places that provide services related to planning for the placement of or placing children in foster or adoptive homes or provide support or relief to women who are or may be pregnant and who are considering placing their unborn children for adoption to the list of qualifying functions.

Expanding the eligibility requirements for a charitable organization to qualify for the property tax exemption for real and tangible personal property owned by the organization under the provisions of the bill would create a cost to the state through the function of the school funding formulas.

The Texas Department of Family and Protective Services lists 359 child placing agencies in their search tool. DFPS also currently contracts with private entities in the Community-Based Care Program to place foster children. However, all Single Source Continuum Contractors are required to be non-profits or governmental entities and many of the listed child placing agencies are charitable organizations. It is unclear how many of these entities may already be exempt under current law. Additionally, the value of real and personal property owned by entities that would potentially qualify under the provision of the bill is unknown.

Per the Crisis Pregnancy Center's online map, Texas has over 200 crisis pregnancy centers. However, as most of these entities are non-profit or faith based it is unknown how many of these organizations may already be exempt under current law. Additionally, the value of real and personal property owned by organizations that would potentially qualify for the exemption under the provisions of the bill is unknown.

The estimated number of entities that qualify as charitable organizations for purposes of the exemption and provide services defined by the bill could be substantial. However, the value of applicable real and personal property that would potentially be exempt under the provisions of the bill cannot be determined. Consequently, the cost of the bill cannot be estimated.

Local Government Impact

Passage of the bill would add to the list of charitable functions that entitle a charitable organization to qualify for a property tax exemption to include places that provide services related to planning for the placement of or placing children in foster or adoptive homes or provide support or relief to women who are or may be pregnant and are considering placing their unborn children for adoption. 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 property tax exemption proposed by the bill.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, AF, SD, BRI