LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 1, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **SB2361** by Parker (Relating to the exemption from ad valorem taxation of property owned by an organization engaged primarily in performing charitable functions.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 11 of the Tax Code and remove the current requirement that organizations primarily engaged in performing charitable functions reapply for the exemption previously granted for a duration of 5 years.

The bill would require that the exemption only expires when the organization either no longer owns the property or when the Comptroller determines the organization no longer qualifies for the exemption.

The bill would require organizations receiving exemptions to notify the Comptroller and their chief appraiser within 30 days if certain material changes related to the eligibility for the exemption are met.

The bill requires that organizations previously granted an exemption that expired prior to September 1, 2023, are entitled to automatic reinstatement of the exemption if certain requirements are met. The organization is entitled to a refund within 30 days of any taxes paid during a period of exemption determination as long as it is reinstated.

The bill does not amend the reapplication provisions related to qualified corporations that may be eligible for the exemption.

The bill would make conforming changes.

According to the Comptroller's office, the bill would not affect taxable property values, tax rates, collection rates, or any other variable that might affect the revenues of units of local governments or the state.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts
LBB Staff: JMc, AF, BRI