

**House Bill 456**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Section 11.18(a), Tax Code, is amended to read as follows:

(a) An organization that qualifies as a charitable organization as provided by this section is entitled to an exemption from taxation of:

(1) the buildings and tangible personal property that:

(A) are owned by the charitable organization; and

(B) except as permitted by Subsection (b), are used exclusively by qualified charitable organizations; ~~and~~

(2) the real property owned by the charitable organization consisting of:

(A) an incomplete improvement that:

(i) is under active construction or other physical preparation; and

(ii) is designed and intended to be used exclusively by qualified charitable organizations; and

(B) the land on which the incomplete improvement is located that will be reasonably necessary for the use of the improvement by qualified charitable organizations; and

(3) a royalty interest, as defined by Section 201.001, owned by the organization.

SECTION 2. This Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SENATE VERSION (CS)

SECTION 1. Section 11.18(a), Tax Code, is amended to read as follows:

(a) An organization that qualifies as a charitable organization as provided by this section is entitled to an exemption from taxation of:

(1) the buildings and tangible personal property that:

(A) are owned by the charitable organization; and

(B) except as permitted by Subsection (b), are used exclusively by qualified charitable organizations; ~~and~~

(2) the real property owned by the charitable organization consisting of:

(A) an incomplete improvement that:

(i) is under active construction or other physical preparation; and

(ii) is designed and intended to be used exclusively by qualified charitable organizations; and

(B) the land on which the incomplete improvement is located that will be reasonably necessary for the use of the improvement by qualified charitable organizations; and

(3) if the charitable organization is described by Subsection (d)(1), (2), (3)(A)(ii), (5), (8), (13), (15), or (19), the real property owned by the charitable organization consisting of an interest in a mineral in place, including a royalty interest, provided that the interest:

(A) is not severed from the surface estate; or

(B) was donated to the charitable organization by the previous owner of the interest.

SECTION 2. Same as House version.

CONFERENCE

**House Bill 456**  
Senate Amendments  
Section-by-Section Analysis

HOUSE VERSION

SENATE VERSION (CS)

CONFERENCE

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

SECTION 3. Same as House version.