

BILL ANALYSIS

C.S.H.B. 2723
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that there have been multiple cases in Texas of nonprofit cemeteries being sold for non-payment of property taxes. Current Health and Safety Code provisions provide for an exemption from property taxation for property dedicated for cemetery purposes; however, current Tax Code provisions provide for an exemption from property taxation for property a person owns and uses exclusively for human burial and does not hold for profit. Accordingly, the comptroller of public accounts cemetery tax exemption form must include ownership information and be signed by the cemetery owner. However, according to the bill author, many nonprofit cemeteries have no identifiable owner, leading to exemption forms not being returned, notices of taxes due being mailed to the cemetery address, and, if the taxes have accrued for a certain time, the local appraisal district being able to foreclose and sell the property. C.S.H.B. 2723 seeks to address the discrepancy in state law by requiring a chief appraiser to grant a cemetery property tax exemption for properties for which a person does not apply for the exemption, no owner is identifiable, and the chief appraiser determines the property's use otherwise qualifies the property for exemption.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2723 amends the Tax Code, with respect to the property tax exemption to which a person is entitled for property the person owns and uses exclusively for human burial and does not hold for profit, to require the chief appraiser of an appraisal district in which such property is located to grant the exemption if, as follows:

- a person does not apply for the exemption;
- the owner of the property is not identifiable; and
- the chief appraiser knows or should know based on a reasonable inspection of the property that the property is used exclusively for human burial.

The bill authorizes the chief appraiser to request the assistance of a state agency, municipality, county, county historical commission, or other governmental or nonprofit entity to help make that determination as to the property's use.

C.S.H.B. 2723 applies only to a property tax year that begins on or after the bill's effective date.

EFFECTIVE DATE

January 1, 2026.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 2723 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a provision absent from the introduced that authorizes the chief appraiser to request the assistance of a state agency, municipality, county, county historical commission, or other governmental or nonprofit entity to help make a determination as to a property's use.