

BILL ANALYSIS

H.B. 4240
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill author has informed the committee that there is a need to alleviate the property tax obligations of charitable organizations that financially support medical care at designated higher education institutions. H.B. 4240 seeks to reinforce the vital role of charitable organizations in supporting medical education and health care services, ultimately contributing to the overall well-being of Texas communities by implementing a certain property tax 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

H.B. 4240 amends the Tax Code to include providing financial support for medical care at one of the following institutions of higher education among the charitable functions one or more of which an otherwise eligible charitable organization must engage in performing to qualify for an exemption from property taxation of certain land, buildings, and property owned or used by the organization:

- The University of Texas Health Science Center at San Antonio;
- The University of Texas M. D. Anderson Cancer Center;
- The University of Texas Southwestern Medical Center;
- The University of Texas Medical Branch at Galveston;
- The University of Texas Health Science Center at Houston;
- The University of Texas Health Science Center at Tyler;
- The University of Texas at El Paso;
- The Texas A&M University Health Science Center;
- the University of North Texas Health Science Center at Fort Worth;
- the components of the Texas Tech University Health Sciences Center located in El Paso;
- the components of the Texas Tech University Health Sciences Center at locations other than El Paso;
- the regional academic health center serving Cameron, Hidalgo, Starr, and Willacy counties established by the board of regents of The University of Texas System; and
- Baylor College of Medicine, if a contract between Baylor College of Medicine and the Texas Higher Education Coordinating Board is in effect under applicable state law.

The bill includes an otherwise eligible charitable organization that provides financial support for medical care at one of those health-related institutions among the charitable organizations

that are entitled to an exemption from property taxation of 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 is not severed from the surface estate or was donated to the charitable organization by the previous owner of the interest.

H.B. 4240 applies only to a property tax year that begins on or after the bill's effective date.

EFFECTIVE DATE

January 1, 2026.