

## **BILL ANALYSIS**

C.S.H.B. 4580  
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Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The bill author has informed the committee that the Houston Livestock Show and Rodeo (HLSR) has been a pillar of the Houston community for over 90 years. The bill author has also informed the community that HLSR owns properties in Harris County that are exempt from property taxes, and HLSR would like to continue to develop its properties in order to help supplement and enhance components of its annual show as well as further the overall mission of the organization. But, there is a lack of clarity regarding how the exemption for charitable organizations is applied when an organization develops its properties. C.S.H.B. 4580 seeks to add clarity to the law and help HLSR continue its mission by codifying HLSR's current 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**

C.S.H.B. 4580 amends the Tax Code to exempt from all property taxation all real and personal property in a county with a population of 3.3 million or more owned by a nonprofit corporation, as that term is defined by an applicable Business Organizations Code provision, organized exclusively for charitable, educational, and scientific purposes, and held for use in promoting agriculture, supporting youth, and providing educational support in the community. The bill establishes that use of property exempted by this provision for purposes other than promoting agriculture, supporting youth, and providing educational support in the community does not result in the loss of the exemption if the revenue derived from that incidental use benefits the beneficiaries of the charitable organization that own the property. The bill establishes that this provision expressly does not exempt from property taxation any interest in real or personal property, including a leasehold or other possessory interest, of a for-profit lessee of property for which a nonprofit corporation is entitled to an exemption from taxation under this provision.

C.S.H.B. 4580 subjects the bill's exemption to a statutory provision that provides for the continued application of an exemption that, once allowed, need not be claimed in subsequent years until the property changes ownership or the person's qualification for the exemption changes, unless required by the chief appraiser to file a new application to confirm the applicant's current qualification for the exemption.

C.S.H.B. 4580 applies only to a property tax year that begins on or after the bill's effective date.

C.S.H.B. 4580 establishes the legislature's intent that the bill's provisions be harmonized with another Act of the 89th Legislature, Regular Session, 2025, relating to nonsubstantive additions to and corrections in enacted codes.

### **EFFECTIVE DATE**

January 1, 2026.

### **COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.B. 4580 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 changes the population of a county in which applicable real and personal property is exempted from property taxation under the bill from more than 3.3 million to 3.3 million or more.

Both the introduced and the substitute provide that use of property exempted under the bill for purposes other than the purposes specified by the bill does not result in the loss of the exemption if certain conditions are met. However, whereas the introduced conditioned this provision on ensuing and incidental revenues being used in support of the nonprofit's charitable purposes, the substitute conditions this provision on the revenue derived from that incidental use benefiting the beneficiaries of the charitable organization that own the property.

While both the introduced and the substitute establish that the bill's provisions expressly do not exempt from taxation any interest in real or personal property of a for-profit lessee of property for which a nonprofit corporation is entitled to an exemption under the bill, the substitute specifies that the taxation is property taxation, whereas the introduced did not.

The substitute includes provisions absent from the introduced that do the following:

- establish that the bill's provisions apply only to a property tax year that begins on or after the bill's effective date; and
- establish legislative intent that the bill's provisions be harmonized with another Act of the 89th Legislature, Regular Session, 2025, relating to nonsubstantive additions to and corrections in enacted codes.