

BILL ANALYSIS

Senate Research Center
89R23407 RDS-F

C.S.S.B. 1237
By: Paxton
Local Government
4/25/2025
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 1237 clarifies the wording of the property tax exemption statute for charitable organizations engaged in providing housing and related facilities and services to elderly Texans. Some county appraisal district offices have changed their interpretation of this statute in recent years, leading to charitable organizations having their property tax exemption revoked, even though the services provided by these charitable organizations have not changed. By clarifying the wording of the tax exemption statute, S.B. 1237 would preserve the tax-exempt status of these charitable organizations.

These property tax exemptions are critical for the operations and functions of the charitable organizations. Without the exemption, the charitable organizations' abilities to provide their services are reduced as funds that would go to supporting elderly Texans instead must be diverted to cover property tax payments

(Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 1237 amends current law relating to the exemption from ad valorem taxation of certain property owned by a charitable organization that is engaged in providing housing and related facilities and services to persons who are at least 62 years of age.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 11.18, Tax Code, by amending Subsection (d) and adding Subsection (k-1), as follows:

(d) Requires a charitable organization to be organized exclusively to perform certain purposes and, except as permitted by certain provisions, engage exclusively in performing one or more of following charitable functions:

(1)-(12) makes no changes to these subdivisions;

(13) providing permanent housing and related social, health care, and educational facilities for persons who are 62 years of age or older

(A) without regard to the residents' ability to pay; or

(B) as an organization that provides charitable housing and services in an amount that is not less than four percent of the charitable organization's net resident revenue;

(14)-(18) makes no changes to these subdivisions;

(19) providing housing and related services to persons who are 62 years of age or older in a certain retirement community including:

- (A)-(B) makes nonsubstantive changes to these paragraphs; or
- (C) as an organization that provides charitable housing and services in an amount that is not less than four percent of the charitable organization's net resident revenue; or

(20)-(26) makes no changes to these subdivisions.

(k-1) Requires a charitable organization, notwithstanding any other provision of Section 11.18 (Charitable Organizations), to be entitled to an exemption from taxation under this section as an organization that performs a charitable function described by Subsection (d)(13) or (19) in the manner described by Subsection (d)(13)(B) or (19)(C), respectively, to:

- (1) have been in existence for at least 20 years; or
- (2) be under common control with an organization that is described by Subdivision (1) and performs a charitable function described by Subsection (d).

SECTION 2. Amends Section 11.18(k), Tax Code, by adding Subdivision (1-a) to define "charitable housing and services" and amending Subdivision (2) to redefine "charity care."

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: January 1, 2026.