

By: Talarico

H.B. No. 1035

Substitute the following for H.B. No. 1035:

By: Martinez Fischer

C.S.H.B. No. 1035

A BILL TO BE ENTITLED

AN ACT

relating to the contents of an affidavit required to be included with an application for an exemption from ad valorem taxation of all or part of the appraised value of real property used to operate a child-care facility.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 11.36(a), Tax Code, as added by Chapter 281 (S.B. 1145), Acts of the 88th Legislature, Regular Session, 2023, is amended by amending Subdivision (2) and adding Subdivision (3) to read as follows:

(2) "Net lease" means a lease under which the lessee pays, in addition to a base rental amount, the taxes imposed on the property that is the subject of the lease. The term includes a double net lease and a triple net lease.

(3) "Qualifying child-care facility" means a child-care facility:

(A) the owner or operator of which participates in the Texas Workforce Commission's Texas Rising Star Program as described by Section 2308.3155, Government Code, for that facility; and

(B) at which at least 20 percent of the total number of children enrolled at the facility receive subsidized child-care services provided through the child-care services program administered by the Texas Workforce Commission.

SECTION 2. Section 11.36(f), Tax Code, as added by Chapter 281 (S.B. 1145), Acts of the 88th Legislature, Regular Session, 2023, is amended to read as follows:

(f) A person who claims an exemption under Subsection (b)(2) must include with the application for the exemption an affidavit certifying to the chief appraiser for the appraisal district that appraises the property that is the subject of the application that:

(1) either:

(A) the person has provided to the child-care facility to which the property is leased a disclosure document stating the amount by which the taxes on the property are reduced as a result of the exemption and the method the person will implement to ensure that the rent charged for the lease of the property fully reflects that reduction; or

(B) the property is subject to a net lease and the child-care facility to which the property is leased is responsible for paying the taxes imposed on the property;

(2) the rent charged for the lease of the property reflects the reduction in the amount of taxes on the property resulting from the exemption, either through a monthly or annual credit against the rent or, if applicable, by operation of the net lease to which the property is subject; and

(3) the person does not charge rent for the lease of the property in an amount that exceeds:

(A) for property that consists of space in a commercial property, the rent charged by the person to other tenants of the commercial property for similar space; or

1 (B) for property other than property described by
2 Paragraph (A), the average rent charged for comparable rental
3 property.

4 SECTION 3. The change in law made by this Act applies only
5 to an application for an exemption from ad valorem taxation under
6 Section 11.36, Tax Code, as added by Chapter 281 (S.B. 1145), Acts
7 of the 88th Legislature, Regular Session, 2023, that is filed on or
8 after the effective date of this Act. An application for an
9 exemption from ad valorem taxation under that section that was
10 filed before the effective date of this Act is covered by the law in
11 effect on the date the application was filed, and the former law is
12 continued in effect for that purpose.

13 SECTION 4. To the extent of any conflict, this Act prevails
14 over another Act of the 89th Legislature, Regular Session, 2025,
15 relating to nonsubstantive additions to and corrections in enacted
16 codes.

17 SECTION 5. This Act takes effect immediately if it receives
18 a vote of two-thirds of all the members elected to each house, as
19 provided by Section 39, Article III, Texas Constitution. If this
20 Act does not receive the vote necessary for immediate effect, this
21 Act takes effect September 1, 2025.