

By: Guillen

H.B. No. 3438

A BILL TO BE ENTITLED

AN ACT

relating to the property tax exemption for certain nonprofit
community business organizations.

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

SECTION 1. Subsection (a), Section [11.231](#), Tax Code, is
amended to read as follows:

(a) In this section, "nonprofit community business
organization" means an organization that meets the following
requirements:

(1) the organization has been in existence for at
least the preceding five years;

(2) the organization:

(A) is a nonprofit corporation organized under
the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq.,
Vernon's Texas Civil Statutes) or a nonprofit corporation formed
under the Texas Nonprofit Corporation Law, as described by Section
[1.008](#), Business Organizations Code;

(B) is a nonprofit organization described by
Section 501(c)(6), Internal Revenue Code of 1986; and

(C) is not a statewide organization;

(3) for at least the preceding three years, the
organization has maintained a dues-paying membership of at least 50
members; and

(4) the organization:

1 (A) has a board of directors elected by the
2 members;

3 (B) does not compensate members of the board of
4 directors for service on the board;

5 (C) with respect to its activities in this state,
6 is engaged primarily in performing functions listed in Subsection
7 (d);

8 (D) is primarily supported by membership dues and
9 other income from activities substantially related to its primary
10 functions; and

11 (E) is not, and has not formed [~~and does not~~
12 ~~financially support~~] a political committee as defined by Section
13 [251.001](#), Election Code.

14 SECTION 2. This Act applies only to an ad valorem tax year
15 that begins on or after the effective date of this Act.

16 SECTION 3. This Act takes effect January 1, 2026.