

By: Vasut

H.B. No. 4240

A BILL TO BE ENTITLED

AN ACT

relating to the exemption from ad valorem taxation of property of a charitable organization that provides financial support for medical care at certain institutions of higher education.

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

SECTION 1. Sections 11.18(a) and (d), Tax Code, are amended to read as follows:

(a) An organization that qualifies as a charitable organization as provided by this section is entitled to an exemption from taxation of:

(1) the buildings and tangible personal property that:

(A) are owned by the charitable organization; and

(B) except as permitted by Subsection (b), are used exclusively by qualified charitable organizations;

(2) the real property owned by the charitable organization consisting of:

(A) an incomplete improvement that:

(i) is under active construction or other physical preparation; and

(ii) is designed and intended to be used exclusively by qualified charitable organizations; and

(B) the land on which the incomplete improvement is located that will be reasonably necessary for the use of the improvement by qualified charitable organizations; and

1 (3) if the charitable organization is described by
2 Subsection (d)(1), (2), (3)(A)(ii), (5), (8), (13), (15), ~~or~~
3 (19), or (27), the real property owned by the charitable
4 organization consisting of an interest in a mineral in place,
5 including a royalty interest, provided that the interest:

6 (A) is not severed from the surface estate; or

7 (B) was donated to the charitable organization by
8 the previous owner of the interest.

9 (d) A charitable organization must be organized exclusively
10 to perform religious, charitable, scientific, literary, or
11 educational purposes and, except as permitted by Subsections (h)
12 and (l), engage exclusively in performing one or more of the
13 following charitable functions:

14 (1) providing medical care without regard to the
15 beneficiaries' ability to pay, which in the case of a nonprofit
16 hospital or hospital system means providing charity care and
17 community benefits in accordance with Section [11.1801](#);

18 (2) providing support or relief to orphans, delinquent
19 or dependent children in need of residential care, children with
20 disabilities in need of residential care, abused or battered
21 spouses or children in need of temporary shelter, the impoverished,
22 or victims of natural disaster without regard to the beneficiaries'
23 ability to pay;

24 (3) providing support without regard to the
25 beneficiaries' ability to pay to:

26 (A) elderly persons, including the provision of:

27 (i) recreational or social activities; and

1 (ii) facilities designed to address the
2 special needs of elderly persons; or

3 (B) persons with disabilities, including
4 training and employment:

5 (i) in the production of commodities; or

6 (ii) in the provision of services under 41
7 U.S.C. Sections 8501-8506;

8 (4) preserving a historical landmark or site;

9 (5) promoting or operating a museum, zoo, library,
10 theater of the dramatic or performing arts, or symphony orchestra
11 or choir;

12 (6) promoting or providing humane treatment of
13 animals;

14 (7) acquiring, storing, transporting, selling, or
15 distributing water for public use;

16 (8) answering fire alarms and extinguishing fires with
17 no compensation or only nominal compensation to the members of the
18 organization;

19 (9) promoting the athletic development of boys or
20 girls under the age of 18 years;

21 (10) preserving or conserving wildlife;

22 (11) promoting educational development through loans
23 or scholarships to students;

24 (12) providing halfway house services pursuant to a
25 certification as a halfway house by the parole division of the Texas
26 Department of Criminal Justice;

27 (13) providing permanent housing and related social,

1 health care, and educational facilities for persons who are 62
2 years of age or older without regard to the residents' ability to
3 pay;

4 (14) promoting or operating an art gallery, museum, or
5 collection, in a permanent location or on tour, that is open to the
6 public;

7 (15) providing for the organized solicitation and
8 collection for distributions through gifts, grants, and agreements
9 to nonprofit charitable, education, religious, and youth
10 organizations that provide direct human, health, and welfare
11 services;

12 (16) performing biomedical or scientific research or
13 biomedical or scientific education for the benefit of the public;

14 (17) operating a television station that produces or
15 broadcasts educational, cultural, or other public interest
16 programming and that receives grants from the Corporation for
17 Public Broadcasting under 47 U.S.C. Section 396, as amended;

18 (18) providing housing for low-income and
19 moderate-income families, for unmarried individuals 62 years of age
20 or older, for individuals with disabilities, and for families
21 displaced by urban renewal, through the use of trust assets that are
22 irrevocably and, pursuant to a contract entered into before
23 December 31, 1972, contractually dedicated on the sale or
24 disposition of the housing to a charitable organization that
25 performs charitable functions described by Subdivision (9);

26 (19) providing housing and related services to persons
27 who are 62 years of age or older in a retirement community, if the

1 retirement community provides independent living services,
2 assisted living services, and nursing services to its residents on
3 a single campus:

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

6 (B) in which at least four percent of the
7 retirement community's combined net resident revenue is provided in
8 charitable care to its residents;

9 (20) providing housing on a cooperative basis to
10 students of an institution of higher education if:

11 (A) the organization is exempt from federal
12 income taxation under Section 501(a), Internal Revenue Code of
13 1986, as amended, by being listed as an exempt entity under Section
14 501(c)(3) of that code;

15 (B) membership in the organization is open to all
16 students enrolled in the institution and is not limited to those
17 chosen by current members of the organization;

18 (C) the organization is governed by its members;
19 and

20 (D) the members of the organization share the
21 responsibility for managing the housing;

22 (21) acquiring, holding, and transferring unimproved
23 real property under an urban land bank demonstration program
24 established under Chapter 379C, Local Government Code, as or on
25 behalf of a land bank;

26 (22) acquiring, holding, and transferring unimproved
27 real property under an urban land bank program established under

Chapter 379E, Local Government Code, as or on behalf of a land bank;

(23) providing housing and related services to individuals who:

(A) are unaccompanied and homeless and have a disabling condition; and

(B) have been continuously homeless for a year or more or have had at least four episodes of homelessness in the preceding three years;

(24) operating a radio station that broadcasts educational, cultural, or other public interest programming, including classical music, and that in the preceding five years has received or been selected to receive one or more grants from the Corporation for Public Broadcasting under 47 U.S.C. Section 396, as amended;

(25) providing, without regard to the beneficiaries' ability to pay, tax return preparation services and assistance with other financial matters; ~~or~~

(26) providing services related to planning for the placement of or placing children in foster or adoptive homes or providing support or relief to women who are or may be pregnant and who are considering placing their unborn children for adoption; or

(27) providing financial support for medical care at an institution of higher education described by Section 63.101, Education Code.

SECTION 2. The changes in law made by this Act apply only to an ad valorem tax year that begins on or after the effective date of this Act.

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