

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 27, 2025

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB4240 by Vasut (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.), **As Introduced**

Passage of the bill would expand the list of charitable organizations that qualify for a property tax exemption. As a result, taxable property values could be reduced and the related costs to the Foundation School Fund could be increased through the operation of the school finance formulas.

The bill would exempt from property tax certain property owned by charitable organizations that provide financial support for medical care at certain institutions of higher education.

The bill would expand the list of charitable organizations that are exempt from property tax to include charitable organizations that provide financial support for medical care at certain institutions of higher education. The number of charitable entities that would become eligible to exempt their buildings and tangible personal property from property tax is unknown.

Local Government Impact

Passage of the bill would expand the list of charitable organizations that qualify for a property tax exemption. As a result, taxable property values could be reduced. However, the no-new-revenue and voter-approval tax rates as provided by Section 26.04, Tax Code would be higher as a consequence of the reduced taxable property value proposed by the bill.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD, BRI