

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: HB4580 by Harless (Relating to the exemption from ad valorem taxation of property of a charitable organization that provides financial support for promoting agriculture, supporting Texas youth and providing educational support.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would exempt from property tax all real and personal property owned by a certain nonprofit corporation that is organized exclusively for charitable, educational, and scientific purposes, and is used for promoting agriculture, supporting Texas youth, and providing educational support within the community in a county with a population of more than 3.3 million.

The bill would establish that any incidental revenue that is generated from use of the property for purposes other than those listed in the bill would not result in loss of the exemption as long as such revenue is used to support the nonprofit's charitable purposes.

The bill would not exempt any interest in real or personal property, including a leasehold or other possessory interest, of a for-profit lessee of property owned by a nonprofit corporation that would otherwise qualify for the exemption.

The bill would provide that once the exemption is granted the organization would not need to reapply annually.

The bill would create a new property tax exemption for a nonprofit corporation promoting agriculture, supporting Texas youth, and providing educational support within Harris County. This exemption would be limited in geographical scope and would affect the respective units of local government. Passage of the bill would reduce taxable property value and associated property tax collections. Under provisions of the Education Code, the school district tax revenue loss is partially transferred to the state. However, it is unlikely to be significant.

Local Government Impact

Passage of the bill would create a new property tax exemption for a nonprofit corporation promoting agriculture, supporting Texas youth, and providing educational support within Harris County, which would reduce taxable value. 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