

Chapter 1123

S.B. No. 1345

AN ACT

1
2 relating to the exemption from ad valorem taxation of property
3 owned by a charitable organization and used to provide tax return
4 preparation and other financial services without regard to the
5 beneficiaries' ability to pay.

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

7 SECTION 1. Section 11.18(d), Tax Code, is amended to read as
8 follows:

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,
19 delinquent, dependent, or handicapped children in need of
20 residential care, abused or battered spouses or children in need of
21 temporary shelter, the impoverished, or victims of natural disaster
22 without regard to the beneficiaries' ability to pay;

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

- 1 (A) elderly persons, including the provision of:
2 (i) recreational or social activities; and
3 (ii) facilities designed to address the
4 special needs of elderly persons; or
5 (B) the handicapped, including training and
6 employment:
7 (i) in the production of commodities; or
8 (ii) in the provision of services under 41
9 U.S.C. Sections 8501-8506 [~~46-48e~~];
10 (4) preserving a historical landmark or site;
11 (5) promoting or operating a museum, zoo, library,
12 theater of the dramatic or performing arts, or symphony orchestra
13 or choir;
14 (6) promoting or providing humane treatment of
15 animals;
16 (7) acquiring, storing, transporting, selling, or
17 distributing water for public use;
18 (8) answering fire alarms and extinguishing fires with
19 no compensation or only nominal compensation to the members of the
20 organization;
21 (9) promoting the athletic development of boys or
22 girls under the age of 18 years;
23 (10) preserving or conserving wildlife;
24 (11) promoting educational development through loans
25 or scholarships to students;
26 (12) providing halfway house services pursuant to a
27 certification as a halfway house by the parole division of the Texas

1 Department of Criminal Justice;

2 (13) providing permanent housing and related social,
3 health care, and educational facilities for persons who are 62
4 years of age or older without regard to the residents' ability to
5 pay;

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

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

14 (16) performing biomedical or scientific research or
15 biomedical or scientific education for the benefit of the public;

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

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

1 (19) providing housing and related services to persons
2 who are 62 years of age or older in a retirement community, if the
3 retirement community provides independent living services,
4 assisted living services, and nursing services to its residents on
5 a single campus:

6 (A) without regard to the residents' ability to
7 pay; or

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

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

13 (A) the organization is exempt from federal
14 income taxation under Section 501(a), Internal Revenue Code of
15 1986, as amended, by being listed as an exempt entity under Section
16 501(c)(3) of that code;

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

20 (C) the organization is governed by its members;
21 and

22 (D) the members of the organization share the
23 responsibility for managing the housing;

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

1 (22) acquiring, holding, and transferring unimproved
2 real property under an urban land bank program established under
3 Chapter 379E, Local Government Code, as or on behalf of a land bank;

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

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

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

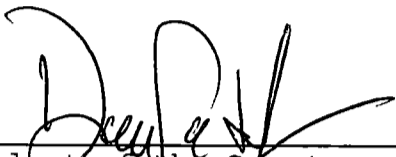
11 (24) operating a radio station that broadcasts
12 educational, cultural, or other public interest programming,
13 including classical music, and that in the preceding five years has
14 received or been selected to receive one or more grants from the
15 Corporation for Public Broadcasting under 47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

17 (25) providing, without regard to the beneficiaries'
18 ability to pay, tax return preparation services and assistance with
19 other financial matters.

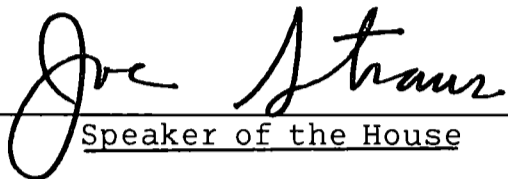
20 SECTION 2. This Act applies only to an ad valorem tax year
21 that begins on or after the effective date of this Act.

22 SECTION 3. This Act takes effect January 1, 2018.

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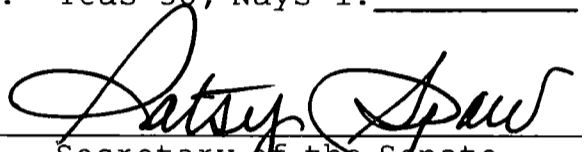


President of the Senate



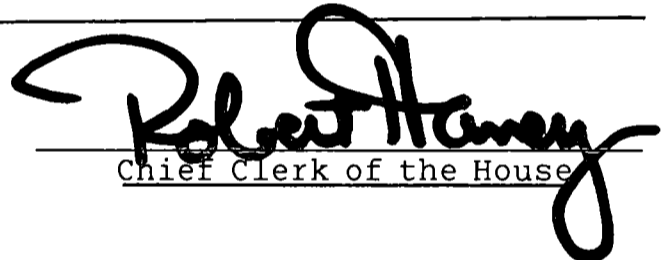
Speaker of the House

I hereby certify that S.B. No. 1345 passed the Senate on April 18, 2017, by the following vote: Yeas 30, Nays 1. _____



Secretary of the Senate

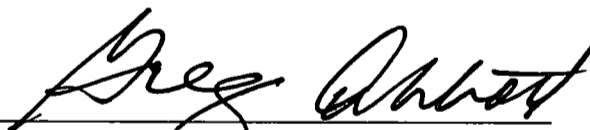
I hereby certify that S.B. No. 1345 passed the House on May 24, 2017, by the following vote: Yeas 146, Nays 0, two present not voting. _____



Chief Clerk of the House


Approved:

6-12-2017
Date



Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
3 PM O'CLOCK

JUN 15 2017


Secretary of State

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 5, 2017

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1345 by Watson (Relating to the exemption from ad valorem taxation of property owned by a charitable organization and used to provide tax return preparation and other financial services without regard to the beneficiaries' ability to pay.), **As Engrossed**

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| <p>No significant fiscal implication to the State is anticipated.</p> |
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The bill would amend Chapter 11 of the Tax Code, regarding property tax exemptions, to add without regard to the beneficiaries' ability to pay, tax return preparation services and assistance with other financial matters to the list of charitable functions that would enable a charitable organization to qualify for a property tax exemption of certain real and personal property.

The bill would create a cost to local taxing units and the state through the school finance formulas by exempting certain real and personal property owned by charitable organizations that provide free tax return preparation and assistance with other financial matters. The Internal Revenue Service lists approximately 190 Volunteer Income Tax Assistance facilities in Texas. Many of these facilities are already exempt as public or religious property. The value of real and personal property owned by eligible charitable organizations that would be exempt under the bill and that is not already exempt is unknown. Consequently, the cost of the bill cannot be estimated, but is not expected to be significant.

The bill would take effect January 1, 2018.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 31, 2017

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1345 by Watson (Relating to the exemption from ad valorem taxation of property owned by a charitable organization and used to provide tax return preparation and other financial services without regard to the beneficiaries' ability to pay.), **As Introduced**

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| <p>No significant fiscal implication to the State is anticipated.</p> |
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