

AN ACT

relating to the exemption from ad valorem taxation of certain property acquired to provide low-income housing or used for charitable purposes.

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

SECTION 1. Section 11.181(b), Tax Code, is amended to read as follows:

(b) Property may not be exempted under Subsection (a) after the fifth [~~third~~] anniversary of the date the organization acquires the property.

SECTION 2. (a) Section 11.184, Tax Code, is amended by amending Subsection (c) and adding Subsections (l), (m), and (n) to read as follows:

(c) A [~~If approved under Subsection (b), a~~] qualified charitable organization is entitled to an exemption from taxation of:

(1) the buildings and other real property and the tangible personal property that:

(A) are owned by the organization; and

(B) except as permitted by Subsection (d), are used exclusively by the organization and other organizations eligible for an exemption from taxation under this section or Section 11.18; and

(2) the real property owned by the organization

1 consisting of:

2 (A) an incomplete improvement that:

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

5 (ii) is designed and intended to be used  
6 exclusively by the organization and other organizations eligible  
7 for an exemption from taxation under this section or Section 11.18;  
8 and

9 (B) the land on which the incomplete improvement  
10 is located that will be reasonably necessary for the use of the  
11 improvement by the organization and other organizations eligible  
12 for an exemption from taxation under this section or Section 11.18.

13 (1) Notwithstanding the other provisions of this section, a  
14 corporation that is not a qualified charitable organization is  
15 entitled to an exemption from taxation of property under this  
16 section if:

17 (1) the corporation is exempt from federal income  
18 taxation under Section 501(a), Internal Revenue Code of 1986, by  
19 being listed as an exempt entity under Section 501(c)(2) of that  
20 code;

21 (2) the corporation holds title to the property for,  
22 collects income from the property for, and turns over the entire  
23 amount of that income, less expenses, to a qualified charitable  
24 organization; and

25 (3) the qualified charitable organization would  
26 qualify for an exemption from taxation of the property under this  
27 section if the qualified charitable organization owned the