

AN ACT

relating to the extension of the period for which an incomplete improvement on property owned by certain nonprofit organizations may be exempted from ad valorem taxation and exempting from additional taxes open-space land converted by certain nonprofit organizations for certain charitable purposes.

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

ARTICLE 1. CHANGES EFFECTIVE BEGINNING WITH 2003 TAX YEAR

SECTION 1.01. Section 11.18(m), Tax Code, is amended to read as follows:

(m) A property may not be exempted under Subsection (a)(2) for more than five [~~three~~] years.

SECTION 1.02. Section 11.184(i), Tax Code, as added by Chapter 1040, Acts of the 77th Legislature, Regular Session, 2001, is amended to read as follows:

(i) A property may not be exempted under Subsection (c)(2) for more than five [~~three~~] years.

SECTION 1.03. Section 11.19(e), Tax Code, is amended to read as follows:

(e) A property may not be exempted under Subsection (a)(2) for more than five [~~three~~] years.

SECTION 1.04. Section 11.20(f), Tax Code, is amended to read as follows:

(f) A property may not be exempted under Subsection (a)(5)

1 for more than five [~~three~~] years.

2 SECTION 1.05. Section 11.21(g), Tax Code, is amended to
3 read as follows:

4 (g) A property may not be exempted under Subsection (a)(2)
5 for more than five [~~three~~] years.

6 SECTION 1.06. Section 11.23(l), Tax Code, is amended to
7 read as follows:

8 (l) Incomplete Improvements. A person described by
9 Subsection (a)-(e), (g), or (i)-(k) is entitled to an exemption
10 from taxation of the real property owned by the person consisting of
11 an incomplete improvement that is under active construction or
12 other physical preparation and that is designed and intended to be
13 used by the person for a purpose described by that subsection when
14 complete and the land on which the incomplete improvement is
15 located that will be reasonably necessary for the person's use of
16 the improvement for that purpose. A property may not be exempted
17 under this subsection for more than five [~~three~~] years. For
18 purposes of this subsection, an incomplete improvement is under
19 physical preparation if the person has:

20 (1) engaged in architectural or engineering work, soil
21 testing, land clearing activities, or site improvement work
22 necessary for the construction of the improvement; or

23 (2) conducted an environmental or land use study
24 relating to the construction of the improvement.

25 SECTION 1.07. Section 11.30(b), Tax Code, is amended to
26 read as follows:

27 (b) A property may not be exempted under Subsection (a)(2)

1 for more than five [~~three~~] years.

2 SECTION 1.08. Section 23.55, Tax Code, is amended by adding
3 Subsection (m) to read as follows:

4 (m) The sanctions provided by Subsection (a) do not apply to
5 land owned by an organization that qualifies as a charitable
6 organization under Section 11.18(c), is organized exclusively to
7 perform religious or charitable purposes, and engages in performing
8 the charitable functions described by Section 11.18(d)(19), if the
9 organization converts the land to a use for which the land is
10 eligible for an exemption under Section 11.18(d)(19) within five
11 years.

12 ARTICLE 2. CHANGES EFFECTIVE BEGINNING WITH 2006 TAX YEAR

13 SECTION 2.01. Section 11.18(m), Tax Code, is amended to
14 read as follows:

15 (m) A property may not be exempted under Subsection (a)(2)
16 for more than three years.

17 SECTION 2.02. Section 11.184(i), Tax Code, as added by
18 Chapter 1040, Acts of the 77th Legislature, Regular Session, 2001,
19 is amended to read as follows:

20 (i) A property may not be exempted under Subsection (c)(2)
21 for more than three years.

22 SECTION 2.03. Section 11.19(e), Tax Code, is amended to
23 read as follows:

24 (e) A property may not be exempted under Subsection (a)(2)
25 for more than three years.

26 SECTION 2.04. Section 11.20(f), Tax Code, is amended to
27 read as follows:

1 (f) A property may not be exempted under Subsection (a)(5)
2 for more than three years.

3 SECTION 2.05. Section 11.21(g), Tax Code, is amended to
4 read as follows:

5 (g) A property may not be exempted under Subsection (a)(2)
6 for more than three years.

7 SECTION 2.06. Section 11.23(1), Tax Code, is amended to
8 read as follows:

9 (1) Incomplete Improvements. A person described by
10 Subsection (a)-(e), (g), or (i)-(k) is entitled to an exemption
11 from taxation of the real property owned by the person consisting of
12 an incomplete improvement that is under active construction or
13 other physical preparation and that is designed and intended to be
14 used by the person for a purpose described by that subsection when
15 complete and the land on which the incomplete improvement is
16 located that will be reasonably necessary for the person's use of
17 the improvement for that purpose. A property may not be exempted
18 under this subsection for more than three years. For purposes of
19 this subsection, an incomplete improvement is under physical
20 preparation if the person has:

21 (1) engaged in architectural or engineering work, soil
22 testing, land clearing activities, or site improvement work
23 necessary for the construction of the improvement; or

24 (2) conducted an environmental or land use study
25 relating to the construction of the improvement.

26 SECTION 2.07. Section 11.30(b), Tax Code, is amended to
27 read as follows:

1 (b) A property may not be exempted under Subsection (a)(2)
2 for more than three years.

3 ARTICLE 3. EFFECTIVE DATE; TRANSITION

4 SECTION 3.01. (a) Except as provided by Subsection (b) of
5 this section:

6 (1) this Act takes effect immediately if it receives a
7 vote of two-thirds of all the members elected to each house, as
8 provided by Section 39, Article III, Texas Constitution; and

9 (2) if this Act does not receive the vote necessary for
10 immediate effect, this Act takes effect September 1, 2003.

11 (b) Article 2 of this Act takes effect January 1, 2006.

12 SECTION 3.02. (a) Article 1 of this Act applies only to a
13 tax year beginning on or after January 1, 2003.

14 (b) Notwithstanding Section 11.43, Tax Code, property that
15 was exempted from taxation under Section 11.18(a)(2), Tax Code,
16 Section 11.184(c)(2), Tax Code, as added by Chapter 1040, Acts of
17 the 77th Legislature, Regular Session, 2001, or Section
18 11.19(a)(2), 11.20(a)(5), 11.21(a)(2), 11.23(1), or 11.30(a)(2),
19 Tax Code, for the three years preceding the 2003 tax year is
20 entitled to an exemption under the applicable provision for the
21 2003 tax year regardless of whether the owner of the property
22 applies for the exemption for the 2003 tax year if the property
23 otherwise qualifies for the exemption. The chief appraiser of the
24 appraisal district in which the property is located may require the
25 owner of the property to file an application for the exemption to
26 confirm the owner's qualification for the exemption for the 2003
27 tax year.

1 (c) Article 2 of this Act applies only to a tax year
2 beginning on or after January 1, 2006.

David Swinhart

President of the Senate

Jim Caddick

Speaker of the House

I certify that H.B. No. 2416 was passed by the House on May 10, 2003, by the following vote: Yeas 143, Nays 0, 2 present, not voting.

Robert Haney

Chief Clerk of the House

I certify that H.B. No. 2416 was passed by the Senate on May 28, 2003, by the following vote: Yeas 31, Nays 0.

Daisy Spaw

Secretary of the Senate

APPROVED: 18 JUNE '03

Date

Rick Perry
Governor

FILED IN THE OFFICE OF THE
SECRETARY OF STATE
8:30 PM O'CLOCK

Ann Shea
Secretary of State