

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

1 property.

2 (m) Before a corporation described by Subsection (l) may
3 submit an application for an exemption under this section, the
4 qualified charitable organization for which the corporation holds
5 title to the property must apply to the comptroller for the
6 determination described by Subsection (e) with regard to the
7 qualified charitable organization. The application for the
8 determination must also include an application to the comptroller
9 for a determination of whether the corporation meets the
10 requirements of Subsections (l)(1) and (2). The corporation shall
11 submit with the application for an exemption under this section a
12 copy of the determination letter issued by the comptroller. The
13 chief appraiser shall accept the copy of the letter as conclusive
14 evidence of the matters described by Subsection (h) as well as of
15 whether the corporation meets the requirements of Subsections
16 (l)(1) and (2).

17 (n) Notwithstanding Subsection (k), in order for a
18 corporation to continue to receive an exemption under Subsection
19 (l) after the fifth tax year after the year in which the exemption
20 is granted, the qualified charitable organization for which the
21 corporation holds title to property must obtain a new determination
22 letter and the corporation must reapply for the exemption.

23 (b) Section 11.184(b), Tax Code, is repealed.

24 (c) This section applies only to ad valorem taxes imposed
25 for a tax year that begins on or after the effective date of this
26 section.

27 (d) This section takes effect January 1, 2010.

1 SECTION 3. This Act does not make an appropriation. A
2 provision in this Act that creates a new governmental program,
3 creates a new entitlement, or imposes a new duty on a governmental
4 entity is not mandatory during a fiscal period for which the
5 legislature has not made a specific appropriation to implement the
6 provision.

7 SECTION 4. This Act takes effect immediately if it receives
8 a vote of two-thirds of all the members elected to each house, as
9 provided by Section 39, Article III, Texas Constitution. If this
10 Act does not receive the vote necessary for immediate effect, this
11 Act takes effect September 1, 2009.

President of the Senate

Speaker of the House

I certify that H.B. No. 2555 was passed by the House on April 22, 2009, by the following vote: Yeas 149, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 2555 on May 31, 2009, by the following vote: Yeas 143, Nays 0, 2 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 2555 was passed by the Senate, with amendments, on May 26, 2009, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor