

CONFERENCE COMMITTEE REPORT FORM

Austin, Texas

May 30 2009
Date

Honorable David Dewhurst
President of the Senate

Honorable Joe Straus
Speaker of the House of Representatives

Sirs:

We, Your Conference Committee, appointed to adjust the differences between the Senate and the House of Representatives on SB 2442 have had the same under consideration, and beg to report it back with the recommendation that it do pass in the form and text hereto attached.

[Signature]
Uresti - Chair

[Signature]
Gallego - Chair

[Signature]
Gardner

[Signature]
Munro

Shapiro

Naishat

Williams

[Signature]
Miklus

Zaffirini
Zaffirini On the part of the Senate

[Signature]
Farabee On the part of the House

Note to Conference Committee Clerk:

Please type the names of the members of the Conference Committee under the lines provided for signature. Those members desiring to sign the report should sign each of the six copies. Attach a copy of the Conference Committee Report and a Section by Section side by side comparison to each of the six reporting forms. The original and two copies are filed in house of origin of the bill, and three copies in the other house.

CONFERENCE COMMITTEE REPORT

3rd Printing

S.B. No. 2442

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the exemption from ad valorem taxation of property
3 owned by certain charitable organizations.

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

5 SECTION 1. Subsection (d), Section 11.18, Tax Code, as
6 amended by Chapters 1034 (H.B. 1742) and 1341 (S.B. 1908), Acts
7 of the 80th Legislature, Regular Session, 2007, is reenacted and
8 amended to read as follows:

9 (d) A charitable organization must be organized
10 exclusively to perform religious, charitable, scientific,
11 literary, or educational purposes and, except as permitted by
12 Subsections (h) and (l), engage exclusively in performing one or
13 more of the 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;

1 (2) providing support or relief to orphans,
2 delinquent, dependent, or handicapped children in need of
3 residential care, abused or battered spouses or children in need
4 of temporary shelter, the impoverished, or victims of natural
5 disaster without regard to the beneficiaries' ability to pay;

6 (3) providing support without regard to the
7 beneficiaries' ability to pay to:

8 (A) elderly persons, including the provision of:

9 (i) recreational or social activities; and

10 (ii) facilities designed to address the
11 special needs of elderly persons; [7] or

12 (B) [te] the handicapped, including training and
13 employment:

14 (i) in the production of commodities; or

15 (ii) in the provision of services under 41

16 U.S.C. Sections 46-48c [~~without regard to the beneficiaries'~~
17 ~~ability to pay~~];

18 (4) preserving a historical landmark or site;

19 (5) promoting or operating a museum, zoo, library,
20 theater of the dramatic or performing arts, or symphony
21 orchestra or choir;

22 (6) promoting or providing humane treatment of
23 animals;

24 (7) acquiring, storing, transporting, selling, or
25 distributing water for public use;

- 1 (8) answering fire alarms and extinguishing fires
2 with no compensation or only nominal compensation to the members
3 of the organization;
- 4 (9) promoting the athletic development of boys or
5 girls under the age of 18 years;
- 6 (10) preserving or conserving wildlife;
- 7 (11) promoting educational development through loans
8 or scholarships to students;
- 9 (12) providing halfway house services pursuant to a
10 certification as a halfway house by the parole [~~pardons and~~
11 ~~paroles~~] division of the Texas Department of Criminal Justice;
- 12 (13) providing permanent housing and related social,
13 health care, and educational facilities for persons who are 62
14 years of age or older without regard to the residents' ability
15 to pay;
- 16 (14) promoting or operating an art gallery, museum,
17 or collection, in a permanent location or on tour, that is open
18 to the public;
- 19 (15) providing for the organized solicitation and
20 collection for distributions through gifts, grants, and
21 agreements to nonprofit charitable, education, religious, and
22 youth organizations that provide direct human, health, and
23 welfare services;

1 (16) performing biomedical or scientific research or
2 biomedical or scientific education for the benefit of the
3 public;

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

8 (18) providing housing for low-income and moderate-
9 income families, for unmarried individuals 62 years of age or
10 older, for handicapped individuals, and for families displaced
11 by urban renewal, through the use of trust assets that are
12 irrevocably and, pursuant to a contract entered into before
13 December 31, 1972, contractually dedicated on the sale or
14 disposition of the housing to a charitable organization that
15 performs charitable functions described by Subdivision (9);

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

21 (A) without regard to the residents' ability to
22 pay; or

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

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

3 (A) the organization is exempt from federal
4 income taxation under Section 501(a), Internal Revenue Code of
5 1986, as amended, by being listed as an exempt entity under
6 Section 501(c)(3) of that code;

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

10 (C) the organization is governed by its members;
11 and

12 (D) the members of the organization share the
13 responsibility for managing the housing;

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

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

22 (23) operating a radio station that broadcasts
23 educational, cultural, or other public interest programming,
24 including classical music, and that in the preceding five years
25 has received or been selected to receive one or more grants from

1 the Corporation for Public Broadcasting under 47 U.S.C. Section
2 396, as amended.

3 SECTION 2. Section 11.18, Tax Code, is amended by adding
4 Subsection (p) to read as follows:

5 (p) Real property owned by a charitable organization and
6 leased to an institution of higher education, as defined by
7 Section 61.003, Education Code, is exempt from taxation to the
8 same extent as the property would be exempt if the property were
9 owned by the institution.

10 SECTION 3. To the extent of any conflict, this Act
11 prevails over another Act of the 81st Legislature, Regular
12 Session, 2009, relating to nonsubstantive additions to and
13 corrections in enacted codes.

14 SECTION 4. This Act applies only to an ad valorem tax year
15 that begins on or after the effective date of this Act.

16 SECTION 5. This Act takes effect January 1, 2010.

17

Senate Bill 2442
Conference Committee Report
Section-by-Section Analysis

HOUSE VERSION

SECTION 1. Subsection (d), Section 11.18, Tax Code, as amended by Chapters 1034 (H.B. 1742) and 1341 (S.B. 1908), Acts of the 80th Legislature, Regular Session, 2007, is reenacted and amended to read as follows:

(d) A charitable organization must be organized exclusively to perform religious, charitable, scientific, literary, or educational purposes and, except as permitted by Subsections (h) and (l), engage exclusively in performing one or more of the following charitable functions:

(1) providing medical care without regard to the beneficiaries' ability to pay, which in the case of a nonprofit hospital or hospital system means providing charity care and community benefits in accordance with

SENATE VERSION

SECTION 1. Subsection (d), Section 11.18, Tax Code, as amended by Chapters 1034 (H.B. 1742) and 1341 (S.B. 1908), Acts of the 80th Legislature, Regular Session, 2007, is reenacted and amended to read as follows:

(d) A charitable organization must be organized exclusively to perform religious, charitable, scientific, literary, or educational purposes and, except as permitted by Subsections (h) and (l), engage exclusively in performing one or more of the following charitable functions:

(1) providing medical care without regard to the beneficiaries' ability to pay, which in the case of a nonprofit hospital or hospital system means providing charity care and community benefits in accordance with

CONFERENCE

SECTION 1: Same as Senate version, except as follows:

Section 11.1801;

(2) providing support or relief to orphans, delinquent, dependent, or handicapped children in need of residential care, abused or battered spouses or children in need of temporary shelter, the impoverished, or victims of natural disaster without regard to the beneficiaries' ability to pay;

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

(A) elderly persons, including the provision of:

(i) recreational or social activities; and

(ii) facilities designed to address the special needs of elderly persons;[;] or

(B) [~~tø~~] the handicapped, including training and employment:

(i) in the production of

Section 11.1801;

(2) providing support or relief to orphans, delinquent, dependent, or handicapped children in need of residential care, abused or battered spouses or children in need of temporary shelter, the impoverished, or victims of natural disaster without regard to the beneficiaries' ability to pay;

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

(A) elderly persons, including the provision of:

(i) recreational or social activities; and

(ii) facilities designed to address the special needs of elderly persons;[;] or

(B) [~~tø~~] the handicapped, including training and employment:

(i) in the production of

commodities; or

(ii) in the provision of services under 41 U.S.C. Sections 46-48c [~~without regard to the beneficiaries' ability to pay~~];

(4) preserving a historical landmark or site;

(5) promoting or operating a museum, zoo, library, theater of the dramatic or performing arts, or symphony orchestra or choir;

(6) promoting or providing humane treatment of animals;

(7) acquiring, storing, transporting, selling, or distributing water for public use;

(8) answering fire alarms and extinguishing fires with no compensation or only nominal compensation to the members of the organization;

(9) promoting the athletic development of boys or girls under the age of 18 years;

(10) preserving or conserving wildlife;

commodities; or

(ii) in the provision of services under 41 U.S.C. Sections 46-48c [~~without regard to the beneficiaries' ability to pay~~];

(4) preserving a historical landmark or site;

(5) promoting or operating a museum, zoo, library, theater of the dramatic or performing arts, or symphony orchestra or choir;

(6) promoting or providing humane treatment of animals;

(7) acquiring, storing, transporting, selling, or distributing water for public use;

(8) answering fire alarms and extinguishing fires with no compensation or only nominal compensation to the members of the organization;

(9) promoting the athletic development of boys or girls under the age of 18 years;

(10) preserving or conserving wildlife;

(11) promoting educational development through loans or scholarships to students;

(12) providing halfway house services pursuant to a certification as a halfway house by the parole [~~pardons and paroles~~] division of the Texas Department of Criminal Justice;

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

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

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

(11) promoting educational development through loans or scholarships to students;

(12) providing halfway house services pursuant to a certification as a halfway house by the parole [~~pardons and paroles~~] division of the Texas Department of Criminal Justice;

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

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

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

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

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

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

(19) providing housing and related services

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

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

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

(19) providing housing and related services

to persons who are 62 years of age or older in a retirement community, if the retirement community provides independent living services, assisted living services, and nursing services to its residents on a single campus:

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

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

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

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

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

to persons who are 62 years of age or older in a retirement community, if the retirement community provides independent living services, assisted living services, and nursing services to its residents on a single campus:

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

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

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

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

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

organization;

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

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

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

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

(23) operating a radio station that broadcasts educational, cultural, or other public interest programming, including classical music, and that in the preceding five years has received or been selected to receive one or more grants from the Corporation for Public Broadcasting under

organization;

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

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

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

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

SECTION 2. Section 11.18, Tax Code, is amended by adding Subsection (p) to read as follows:

(p) Real property owned by a charitable organization and leased to an institution of higher education, as defined by Section 61.003, Education Code,

Subsection (23) adds language exempting a radio station that broadcasts educational, cultural, or other public interest programming, including classical music, and that in the preceding five years has received or been selected to receive one or more grants from the Corporation for Public Broadcasting under 47 U.S.C. Section 396, as amended.

SECTION 2. Identical

47 U.S.C. Section 396, as amended.

SECTION 2. Section 11.18, Tax Code, is amended by adding Subsection (p) to read as follows:

(p) Real property owned by a charitable organization and leased to an institution of higher education, as defined by Section 61.003, Education Code, is exempt from taxation to the same extent as the property would be exempt if the property were owned by the institution.

SECTION 3. Section 11.11, Tax Code, is amended by adding Subsection (k) to read as follows:

(k) For purposes of this section, any portion of a facility located on public property by a person, including a charitable organization, under a contract or other agreement with a governmental entity to capture and convert waste, including gas, from public property is public property if the person, for benefit to the governmental entity, processes and delivers the waste to a common carrier to displace a

is exempt from taxation to the same extent as the property would be exempt if the property were owned by the institution.

SECTION 3. To the extent of any conflict, this Act prevails over another Act of the 81st Legislature, Regular Session, 2009, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 4. This Act applies only to an ad valorem tax year that begins on or after the effective date of this Act.

SECTION 5. This Act takes effect January 1, 2010.

SECTION 3. Same as Senate version

SECTION 4. Same as Senate version

SECTION 5. Same as Senate version

natural resource, reduces pollution, or processes and converts the waste to electrical or other useful energy.

SECTION 4. To the extent of any conflict, this Act prevails over another Act of the 81st Legislature, Regular Session, 2009, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 5. This Act applies only to an ad valorem tax year that begins on or after the effective date of this Act.

SECTION 6. This Act takes effect January 1, 2010.

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 30, 2009

TO: Honorable David Dewhurst , Lieutenant Governor, Senate
Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: SB2442 by Uresti (Relating to the exemption from ad valorem taxation of property owned by certain charitable organizations.), **Conference Committee Report**

The bill's provision that would exempt real property owned by a charitable organization and leased to an institution of higher education would create a cost to the state through the operation of the school finance formulas by exempting property that would otherwise be taxable.

The bill would amend Section 11.18(d) of the Tax Code to specify that providing to the handicapped training and employment in producing commodities or services under 41 U.S.C. Sections 46-48c is an eligible charitable function in qualifying for the exemption of property owned by certain charitable organizations. 41 U.S.C. Sections 46-48c sets up a federal committee that helps blind and severely handicapped individuals sell services or commodities. Current law lists providing support to the handicapped as an eligible charitable function but does not elaborate further.

Because providing support to the handicapped is already an eligible charitable function in qualifying for the exemption of property owned by certain charitable organizations, this provision would have no significant impact to taxing units or to the state.

The bill would also amend Section 11.18 of the Tax Code to exempt from property taxes real property owned by a charitable organization and leased to an institution of higher education. The property would be exempt to the same extent that it would be exempt if the institution of higher education owned the property. The bill would also exempt a radio station that meets certain criteria outlined in the bill.

The bill's provision that would exempt real property owned by a charitable organization and leased to an institution of higher education would create a cost to local taxing units and the state by exempting property that would otherwise be taxable. The amount and value of such property is unknown; therefore, the cost cannot be estimated.

The bill would take effect on January 1, 2010, and would apply to a tax year that begins after that date.

Local Government Impact

The bill's provision that would exempt real property owned by a charitable organization and leased to an institution of higher education would create a cost to local taxing units by exempting property that would otherwise be taxable. The amount and value of such property is unknown; therefore, the cost cannot be estimated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, SJS

Certification of Compliance with Rule 13, Section 6(b), House Rules of Procedure

Rule 13, Section 6(b), House Rules of Procedure, requires that a copy of a conference committee report signed by a majority of each committee of the conference must be furnished to each member of the committee in person or if unable to deliver in person by placing a copy in the member's newspaper mailbox at least one hour before the report is furnished to each member of the house under Section 10(a) of this rule. The paper copies of the report submitted to the chief clerk under Section 10(b) of this rule must contain a certificate that the requirement of this subsection has been satisfied, and that certificate must be attached to the printed copy of the report furnished to each member under Section 10(d) of this rule. Failure to comply with this subsection is not a sustainable point of order under this rule.

I certify that a copy of the conference committee report on S. B. 2442 was furnished to each member of the conference committee in compliance with Rule 13, Section 6(b), House Rules of Procedure, before submission of the paper copies of the report to the chief clerk under Section 10(b), Rule 13, House Rules of Procedure.


(name)

5/30/09
(date)