

CHAPTER 345

H.B. No. 1096

AN ACT

relating to exempting from ad valorem taxation property owned by certain charitable organizations.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.181 to read as follows:

Sec. 11.181. CHARITABLE ORGANIZATIONS IMPROVING PROPERTY FOR LOW-INCOME HOUSING. (a) An organization is entitled to an exemption from taxation of improved or unimproved real property it owns if the organization:

- (1) meets the requirements of a charitable organization provided by Sections 11.18(e) and (f);*
 - (2) owns the property for the purpose of building or repairing housing on the property primarily with volunteer labor to sell without profit to an individual or family satisfying the organization's low-income and other eligibility requirements; and*
 - (3) engages exclusively in the building, repair, and sale of housing as described by Subdivision (2), and related activities.*
- (b) Property may not be exempted under Subsection (a) after the third anniversary of the date the organization acquires the property.*

(c) An organization entitled to an exemption under Subsection (a) is also entitled to an exemption from taxation of any building or tangible personal property the organization owns and uses in the administration of its acquisition, building, repair, or sale of property. To qualify for an exemption under this subsection, property must be used exclusively by the charitable organization, except that another individual or organization may use the property for activities incidental to the charitable organization's use that benefit the beneficiaries of the charitable organization.

(d) For the purposes of Subsection (e), the chief appraiser shall determine the market value of property exempted under Subsection (a) and shall record the market value in the appraisal records.

(e) If the organization that owns improved or unimproved real property that has been exempted under Subsection (a) sells the property to a person other than an individual or family satisfying the organization's low-income or other eligibility requirements, a penalty is imposed on the property equal to the amount of the taxes that would have been imposed on the property in each tax year that the property was exempted from taxation under Subsection (a), plus interest at an annual rate of 12 percent calculated from the dates on which the taxes would have become due.

(f) The charitable organization and the purchaser of the property from that organization are jointly and severally liable for the penalty and interest imposed under Subsection (e). A tax lien in favor of all taxing units for which the penalty is imposed attaches to the property to secure payment of the penalty and interest.

(g) The chief appraiser shall make an entry in the appraisal records for the property against which a penalty under Subsection (e) is imposed and shall deliver written notice of the imposition of the penalty and interest to the charitable organization and to the person who purchased the property from that organization.

SECTION 2. Section 11.42(a), Tax Code, is amended to read as follows:

(a) Except as provided by Subsection (b) [~~of this section~~] and by Sections 11.421, 11.422, 11.434, [~~and~~] 11.435, and 11.436 [~~of this code~~], eligibility for and amount of an exemption authorized by this chapter for any tax year are determined by a claimant's qualifications on January 1. A person who does not qualify for an exemption on January 1 of any year may not receive the exemption that year.

SECTION 3. Subchapter C, Chapter 11, Tax Code, is amended by adding Section 11.436 to read as follows:

Sec. 11.436. APPLICATION FOR EXEMPTION OF CERTAIN PROPERTY USED FOR LOW-INCOME HOUSING. (a) An organization that acquires property that qualifies for an exemption under Section 11.181(a) may apply for the exemption for the year of acquisition not later than the 30th day after the date the organization acquires the property, and the deadline provided by Section 11.43(d) does not apply to the application for that year.

(b) If the application is granted, the exemption for that year applies only to the portion of the year in which the property qualifies for the exemption, as provided by Section 26.111. If the application is granted after approval of the appraisal records by the appraisal review board, the chief appraiser shall notify the collector for each taxing unit in which the property is located. The collector shall calculate the amount of tax due on the property in that year as provided by Section 26.111 and shall refund any amount paid in excess of that amount.

SECTION 4. Chapter 26, Tax Code, is amended by adding Section 26.111 to read as follows:

Sec. 26.111. PRORATING TAXES—ACQUISITION BY CHARITABLE ORGANIZATION. (a) If an organization acquires taxable property that qualifies for and is granted an exemption under Section 11.181(a) for the year in which the property was acquired, the amount of tax due on the property for that year is calculated by multiplying the amount of taxes imposed on the property for the entire year as provided by Section 26.09 by a fraction, the denominator of which is 365 and the numerator of which is the number of days in that year before the date the charitable organization acquired the property.

(b) If the exemption terminates during the year of acquisition, the tax due is calculated by multiplying the taxes imposed for the entire year as provided by Section 26.09 by a fraction,

the denominator of which is 365 and the numerator of which is the number of days the property does not qualify for the exemption.

SECTION 5. This Act takes effect January 1, 1994.

SECTION 6. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on April 15, 1993, by a non-record vote; the House concurred in Senate amendments to H.B. No. 1096 on May 18, 1993, by a non-record vote; passed by the Senate, with amendments, on May 10, 1993, by a viva-voce vote.

Approved May 29, 1993.

Effective Jan. 1, 1994.