

CHAPTER 640

H.B. No. 2213

AN ACT

relating to the exemption from ad valorem taxation of certain property.

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

SECTION 1. Section 11.20, Tax Code, is amended by amending Subsection (a) and adding Subsection (f) to read as follows:

(a) An organization that qualifies as a religious organization as provided by Subsection (c) of this section is entitled to an exemption from taxation of:

(1) the real property that is owned by the religious organization, is used primarily as a place of regular religious worship, and is reasonably necessary for engaging in religious worship;

(2) the tangible personal property that is owned by the religious organization and is reasonably necessary for engaging in worship at the place of worship specified in Subdivision (1) of this subsection;

(3) the real property that is owned by the religious organization and is reasonably necessary for use as a residence (but not more than one acre of land for each residence) if the property:

(A) is used exclusively as a residence for those individuals whose principal occupation is to serve in the clergy of the religious organization; and

(B) produces no revenue for the religious organization; ~~and~~

(4) the tangible personal property that is owned by the religious organization and is reasonably necessary for use of the residence specified by Subdivision (3) of this subsection; *and*

(5) *the real property owned by the religious organization consisting of:*

(A) *an incomplete improvement that is under active construction or other physical preparation and that is designed and intended to be used by the religious organization as a place of regular religious worship when complete; and*

(B) *the land on which the incomplete improvement is located that will be reasonably necessary for the religious organization's use of the improvement as a place of regular religious worship.*

(f) *A property may not be exempted under Subsection (a)(5) of this section for more than two years.*

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 Section 11.421 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 11.421 to read as follows:

*Sec. 11.421. QUALIFICATION OF RELIGIOUS ORGANIZATION. (a) If the chief appraiser denies a timely filed application for an exemption under Section 11.20 of this code for an organization that otherwise qualified for the exemption on January 1 of the year but that did not satisfy the requirements of Subsection (c)(3) of that section on that date, the organization is eligible for the exemption for the tax year if the organization:*

*(1) satisfies the requirements of Section 11.20(c)(3) of this code before the later of the following dates:*

*(A) June 1 of the year to which the exemption applies; or*

*(B) the 30th day after the date the chief appraiser notifies the organization of its failure to comply with those requirements; and*

*(2) within the time provided by Subdivision (1) of this subsection files with the chief appraiser a new completed application for the exemption together with an affidavit stating that the organization has complied with the requirements of Section 11.20(c)(3) of this code.*

*(b) If the chief appraiser cancels an exemption for a religious organization under Section 11.20 of this code that was erroneously allowed in a tax year because he determines that the organization did not satisfy the requirements of Section 11.20(c)(3) on January 1 of that year, the organization is eligible for the exemption for that tax year if the organization:*

*(1) was otherwise qualified for the exemption;*

*(2) satisfies the requirements of Section 11.20(c)(3) of this code on or before the 30th day after the date the chief appraiser notifies the organization of the cancellation; and*

*(3) within the time provided by Subdivision (2) of this subsection files with the chief appraiser a new completed application for the exemption together with an affidavit stating that the organization has complied with the requirements of Section 11.20(c)(3) of this code.*

SECTION 4. Section 42.43, Tax Code, is amended to read as follows:

*Sec. 42.43. REFUND. (a) If the final determination of an appeal that decreases a property owner's tax liability occurs after the property owner has paid his taxes, the taxing unit shall refund to the property owner the difference between the amount of taxes paid and amount of taxes for which the property owner is liable.*

*(b) If the refund is made under this section because an exemption under Section 11.20 of this code that was denied by the chief appraiser or appraisal review board is granted, the taxing unit shall include with the refund interest on the amount refunded calculated at an annual rate of 10 percent from the date the amount refunded was paid by the property owner until the date the refund is made.*

SECTION 5. Section 11.23, Tax Code, is amended by adding Subsection (k) to read as follows:

*(k) Scientific Research Corporations. A nonprofit corporation as defined in the Texas Non-Profit Corporation Act is entitled to an exemption from taxation of the property it owns and uses in scientific research and educational activities for the benefit of one or more colleges and universities. Use of property exempted by this subsection for purposes other than scientific research and education does not result in loss of the exemption if those other functions are incidental to use of the property*

*for scientific research and education activities and benefit the scientific research corporation and the colleges or universities that it supports.*

SECTION 6. This Act takes effect immediately, except Section 1, which takes effect January 1, 1988.

SECTION 7. The importance of the 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, and that this Act take effect and be in force according to its terms, and it is so enacted.

Passed by the House on May 14, 1987, by a non-record vote; and that the House concurred in Senate amendments to H.B. No. 2213 on May 30, 1987, by a non-record vote. Passed by the Senate, with amendments, on May 25, 1987, by the following vote: Yeas 30, Nays 0.

Approved June 18, 1987.

Effective Aug. 31, 1987, 90 days after date of adjournment, except § 1 effective Jan. 1, 1988.