

- SUBJECT:** Property tax exemption for ambulatory care association
- COMMITTEE:** Ways and Means — favorable, without amendment
- VOTE:** 10 ayes — Oliveira, McCall, Bonnen, Y. Davis, Heflin, Hilbert, Keffer, T. King, Ramsay, Sadler
- 0 nays
- 1 absent — Craddick
- WITNESSES:** For — Jose Camacho, Texas Association of Community Health Centers, Inc.
- Against — None
- BACKGROUND:** In general, charitable organizations are exempt from ad valorem property taxes under sec. 11.18, Tax Code.
- The Texas Association of Community Health Centers (TACHC) was established in 1983 to serve and represent 32 federally-qualified health centers in Texas. TACHC has been designated as the state’s Primary Care Association by the U.S. Department of Health and Human Services (HHS).
- The goal of TACHC is to advance high quality ambulatory health care to medically underserved populations. It provides a variety of services, including training and technical assistance, to help ambulatory care facilities in the state provide care to over 415,000 Texans annually. About 237,000 of these patients have no health insurance.
- DIGEST:** HB 541 would exempt from property taxes the property that is owned by an association providing assistance to ambulatory health care centers, including policy analysis, dissemination of information, continuing education, research, data analysis, or technical assistance. To qualify for an exemption, such associations would have to:
- ! be exempt from federal income taxation under sec. 501(c)(3), Internal Revenue Code;
 - ! comply with the state criteria for charitable organizations under sec.

- 11.18(e) and (f), Tax Code;
- ! engage exclusively in providing assistance to ambulatory health centers that offer medical care to individuals without regard to their ability to pay for the care; and
- ! be funded partly or wholly, or assist ambulatory care centers funded partly or wholly, by a grant under secs. 329, 330, or 340 of the federal Public Health Service Act.

Noncharitable functions performed by such an association would not affect the eligibility for a property tax exemption as long as they were incidental to the association's charitable functions. The tax exemption, once allowed, would not have to be claimed in subsequent years by the association.

HB 541 would take effect on January 1, 2000.

**SUPPORTERS
SAY:**

The Texas Association of Community Health Centers (TACHC) represents 32 clinics primarily serving the Texas indigent and people who have no health insurance. HB 541 would exempt this organization from property taxes. In effect, the bill only would apply to a single building in Travis County where the association is located.

TACHC would be the only association affected by this property tax exemption, because no other organizations in the state can qualify as a 501(c)(3) association that receives funding under the Public Health Services Act. Should HHS designate another association to represent federally-funded ambulatory care clinics providing indigent care, then TACHC would no longer qualify for the exemption.

Charitable organizations generally are exempt from property taxes if they engage exclusively in charitable activities, including providing medical care to the poor. The exemption this bill would allow would be appropriate because it would allow TACHC to redirect funds it now unnecessarily spends on property taxes to improving the ability of charitable community clinics to provide needed medical care to the Texas poor.

**OPPONENTS
SAY:**

No apparent opposition.

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NOTES: The companion bill, SB 1768 by Barrientos, has been referred to the Senate Finance Committee.