

## **BILL ANALYSIS**

Senate Research Center

H.B. 1518  
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Finance  
5-13-97  
Engrossed

### **DIGEST**

Currently, Chapter 11 of the Tax Code, regarding exemptions, provides for ad valorem tax exemptions for certain organizations that provide certain public policy goals; and Section 23.18, Tax Code, provides a nominal exemption for the property owned by a nonprofit homeowners' organization. Presently, neighborhood associations that preserve, protect, improve, and monitor matters affecting a defined residential area have no special tax treatment. H.B. 1518 provides that a neighborhood association is entitled to an exemption from taxation of the property the association owns and uses exclusively for the purposes for which the association is organized.

### **PURPOSE**

As proposed, H.B. 1518 provides for an exemption from ad valorem taxation of the property of a neighborhood association.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 11B, Tax Code, by adding Section 11.32, as follows:

Sec. 11.32. NEIGHBORHOOD ASSOCIATIONS. Provides that a neighborhood association is entitled to an exemption from taxation of the property the association owns and uses exclusively for the purposes for which the association is organized. Defines "neighborhood association" to mean a nonprofit corporation, organization, partnership, association, or other legal entity that is organized to preserve, protect, improve, and monitor matters affecting a defined residential area; and meets certain other qualifications.

SECTION 2. Amends Section 11.43(c), Tax Code, to make a conforming change.

SECTION 3. Amends Section 11.436(a), Tax Code, to make a conforming change.

SECTION 4. Amends Section 26.111(a), Tax Code, to make a conforming change.

SECTION 5. Effective date: January 1, 1998, but only if the constitutional amendment proposed by the 75th Legislature, Regular Session, 1997, to authorize the legislature to exempt from ad valorem taxation the property of a neighborhood association is approved by the voters. Provides that if that amendment is not approved, then this Act has no effect.

SECTION 6. Emergency clause.