

BILL ANALYSIS

Senate Research Center

S.B. 344
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Finance
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As Filed

DIGEST

Currently, Texas law provides that a person is entitled to an exemption from taxes of the buildings and tangible personal property, provided the property is used only for educational purposes, that the person operates the school, and the buildings and property are reasonably necessary for the operation of the school. In addition, current law provides that use of the property for non-educational purposes does not result in the loss of an exemption, if those other purposes are incidental to use of the property for educational functions and benefit the students or faculty of the school.

S.B. 344 adds a provision to current law by which the buyer of the tax exempt property, if the buyer and seller would be exempt from taxation under current law, is exempted from taxation on the property even if incidental use of the property is not for the benefit of students or faculty of the school.

Such provisions would apply when a church that owns and operates a school grows and wishes to sell its original sanctuary to its school and and move to a new location. This bill would allow the property to remain tax-exempt (under certain conditions) after the sale of the property to the school, even if the church still incidentally uses the property for purposes that do not benefit the students or faculty of the school.

PURPOSE

As proposed, S.B. 344 provides that a person is entitled to an exemption from taxes of the buildings and tangible property the person acquires for use as a school if the person allows the former owner to continue using the property pending its use as a school, and the former owner is entitled to an exemption from taxation of the property if the former owner continued to own the property.

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 Section 11.21, Tax Code, by adding Section (f), to provide that, notwithstanding Subsection (a), a person is entitled to an exemption from taxation of the buildings and tangible personal property the person acquires for use for a school that meets each requirement of Subsection (d), under certain conditions.

SECTION 2. Requires the chief appraiser of an appraisal district to accept and approve or deny an application for an exemption from ad valorem taxation under Section 11.21(f), Tax Code, as added by this Act, for the ad valorem tax year that began January 1, 1997, if the application is filed as provided by Section 11.434, Tax Code.

SECTION 3. Effective date: September 1, 1997.

SECTION 4. Emergency clause.