

BILL ANALYSIS

Senate Research Center

H.B. 2821
By: McCall (Cain)
Finance
5/6/1999
Committee Report (Amended)

DIGEST

Section 11.18, Tax Code, regarding charitable organizations, was enacted in 1979. Since that time there has been a trend toward the creation of multi-institutional health care systems. Current law does not include provisions that specifically allow for property tax exemptions of properties owned by parent companies of certain health care systems. Property owned by individual hospitals may be granted property tax exemptions, but the law does not specifically address the parent companies which do not directly perform certain necessary charitable functions. The parent company operates to provide the necessary support to health care organizations so those organizations may focus on performing charitable functions. This bill would provide for a property tax exemption for properties owned by parent holding companies that operate to provide necessary support services to affiliated charitable organizations.

PURPOSE

As proposed, H.B. 2821 provides for a property tax exemption for properties owned by parent holding companies that operate to provide necessary support services to affiliated charitable organizations.

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 11.18(h), Tax Code, to provide that division of responsibilities between a charitable organization and another organization will not jeopardize the exemption of property or properties owned or used by either organization if the collaboration furthers the provision of one or more of certain charitable functions and the other organization meets certain criteria.

SECTION 2. Amends Section 11.435, Tax Code, by amending Subsections (a) and (e) as follows:

(a) Requires the chief appraiser to accept and approve an application, rather than requiring the chief appraiser to accept and approve, or deny an application, of an exemption under Sections 11.18(d)(2) or (5) of this code after the filing deadline provided by Section 11.43 of this code, if the application is filed by a certain date.

(e) Prohibits an application from being filed after December 31, 1999, rather than 1997.

SECTION 3. Effective date: September 1, 1999.

SECTION 4. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

SECTION 2.

Amends Section 11.435, Tax Code, by amending Subsections (a) and (e) as follows:

(a) Requires the chief appraiser to accept and approve an application, rather than requiring the chief appraiser to accept and approve, or deny an application, of an exemption under Sections 11.18(d)(2) or (5) of this code after the filing deadline provided by Section 11.43 of this code, if the application is filed by a certain date.

(e) Prohibits an application from being filed after December 31, 1999, rather than 1997.
Redesignates proposed SECTIONS 2-3 as SECTIONS 3-4.