

BILL ANALYSIS

Senate Research Center

H.B. 2416
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Finance
5/20/2003
Engrossed

DIGEST AND PURPOSE

Current statute allows nonprofit organizations to be exempt from ad valorem taxation while improvements are under construction. Due to the current uncertain economic environment, some nonprofit organizations are unable to raise the capital required to complete property improvements. H.B. 2416 temporarily extends the tax exempt period, up to a maximum of five years, for nonprofit organizations while improvements are under construction.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

ARTICLE 1. CHANGES EFFECTIVE BEGINNING WITH 2003 TAX YEAR

SECTION 1.01. Amends Section 11.18(m), Tax Code, to prohibit a property from being exempted under Subsection (a)(2) for more than five, rather than three, years.

SECTION 1.02. Amends Section 11.184(i), Tax Code, as added by Chapter 1040, Acts of the 77th Legislature, Regular Session, 2001, to make a conforming change.

SECTION 1.03. Amends Section 11.19(e), Tax Code, to make a conforming change.

SECTION 1.04. Amends Section 11.20(f), Tax Code, to make a conforming change.

SECTION 1.05. Amends Section 11.21(g), Tax Code, to make a conforming change.

SECTION 1.06. Amends Section 11.23(1), Tax Code, to make a conforming change.

SECTION 1.07. Amends Section 11.30(b), Tax Code, to make a conforming change.

SECTION 1.08. Amends Section 23.55, Tax Code, by adding Subsection (m) to provide that the sanctions provided by Subsection (a) do not apply to land owned by an organization that qualifies as a charitable organization under Section 11.18(c), is organized exclusively to perform religious or charitable purposes, and engages in performing the charitable functions described by Section 11.18(d)(19), if the organization converts the land to a use for which the land is eligible for an exemption under Section 11.18(d)(19) within five years.

ARTICLE 2. CHANGES EFFECTIVE BEGINNING WITH 2006 TAX YEAR

Provides that the extensions set forth in Article 1 of this Act expire December 31, 2005, and the current three-year exemption is then restored.

ARTICLE 3. EFFECTIVE DATE; TRANSITION

SECTION 3.01. (a) Effective date: upon passage or September 1, 2003, except as provided by Subsection (b) of this section.

(b) Provides that Article 2 of this Act takes effect January 1, 2006.

SECTION 3.02. (a) Makes application of Article 1 of this Act retroactive to January 1, 2003.

(b) Provides that notwithstanding Section 11.43, Tax Code, property that was exempted from taxation under Section 11.18(a)(2), Tax Code, Section 11.184(c)(2), Tax Code, as added by Chapter 1040, Acts of the 77th Legislature, Regular Session, 2001, or Section 11.19(a)(2), 11.20(a)(5), 11.21(a)(2), 11.23(1), or 11.30(a)(2), Tax Code, for the three years preceding the 2003 tax year is entitled to an exemption under the applicable provision for the 2003 tax year regardless of whether the owner of the property applies for the exemption for the 2003 tax year if the property otherwise qualifies for the exemption. Authorizes the chief appraiser of the appraisal district in which the property is located to require the owner of the property to file an application for the exemption to confirm the owner's qualification for the exemption for the 2003 tax year.

(c) Makes application of Article 2 of this Act prospective to January 1, 2006.