

BILL ANALYSIS

Senate Research Center
85R14200 TJB-F

S.B. 1809
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Constitution permits the legislature to exempt charitable institutions from property taxes. Additionally, institutions may conduct auxiliary activities to support those charitable functions. Texas law currently exempts all real and personal property owned by certain nonprofit corporations held for the use in the development or operation of a medical center area, as long as the property is not leased or otherwise used for profit.

The Texas Medical Center (TMC) is a nonprofit corporation that currently qualifies for the property tax exemption. TMC sponsors an Innovation Institute that incubates start-ups organized to translate medical research into applications for general public use. S.B. 1809 modifies the medical center exemption to include property like the Innovation Institute that contributes to research, among other initiatives.

As proposed, S.B. 1809 amends current law relating to the exemption from ad valorem taxation of property owned by certain medical centers in certain counties.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 11.23(j-1), Tax Code, as follows:

(j-1) Provides that in a county with a population of 3.3 million or more, rather than described by Section 201.1055(1), Transportation Code, all real and personal property owned by a nonprofit corporation, as that term is defined by Section 22.001 (Definitions), Business Organizations Code, organized exclusively for benevolent, charitable, and educational purposes, rather than defined in the Texas Non-Profit Corporation Act (Article 1396-1.01 et seq., Vernon's Texas Civil Statutes), and held for use in the development or operation of a medical center area or areas in which the nonprofit corporation has donated land for a state medical, dental, or nursing school, for other hospital, medical, education, research, or nonprofit uses and uses reasonably related to those uses, for auxiliary uses to support those benevolent, charitable, and educational functions, including the invention, development and dissemination of materials, tools, technologies, processes, and similar means for translating and applying medical and scientific research for practical applications to advance public health, or for governmental or public purposes, including the relief of traffic congestion is exempt from all ad valorem taxation, rather than and not leased or otherwise used with a view to profit, is exempt from all ad valorem taxation as though the property were, during that time, owned and held by the state for health and educational purposes. Makes nonsubstantive changes.

SECTION 2. Provides that this Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 3. Effective date: January 1, 2018.