

SUBJECT: Allowing charities to use federal ID numbers for property tax exemptions

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 11 ayes — Hilderbran, Otto, Christian, Elkins, Gonzalez, Lyne, Martinez Fischer, Murphy, Ritter, Villarreal, Woolley

0 nays

WITNESSES: For — (*Registered, but did not testify:* Jim Robinson, Texas Association of Appraisal Districts)

Against — None

BACKGROUND: Tax Code, sec. 11.18 exempts charitable organizations from taxation of buildings, tangible personal property, and real property that are owned and used by the organizations for charitable purposes.

Tax Code, sec. 11.43 requires all applicants for a property tax exemption, including charitable organizations, to supply either a driver's license number, a personal identification certificate number, or a Social Security number as part of their applications for local property tax exemptions.

DIGEST: HB 645 would allow a charitable organization to supply its federal tax identification number as part of its application for local property tax exemptions in lieu of a driver's license number, a personal identification certificate, or a Social Security number.

The bill would take effect September 1, 2011.

SUPPORTERS SAY: HB 645 would grant explicit authority for charitable organizations to use their federal tax identification numbers in lieu of using the personal identification information of the charity's officers or employees. Under current law, when charitable organizations apply for property tax exemptions, a person, usually an officer of the organization, is required to supply a driver's license number, personal identification certificate, or a Social Security number with the organization's application.

The IRS issues federal tax identification numbers to qualifying charitable organizations because it wants to track their financial filings in order to ensure compliance with applicable federal statutes. It would be more accurate to track a charitable organization's property-tax exemptions by the entity's unique federal tax ID number than by the personal identification of the person who works or volunteers for the organization. These people commonly move on after a few years, and the usefulness of their personal information is limited. Most central appraisal districts already allow charitable organizations to use their federal tax identification numbers when filing for a property-tax exemption because they feel it is a more accurate tracking method.

By allowing charitable organizations seeking property-tax exemptions to use their federal tax identification numbers, HB 645 would protect the personal identifying information of the organization's officers or employees. Individuals applying for property-tax exemptions on behalf of charitable organizations often are surprised to find that they are required to supply a driver's license number, a personal identification certificate number, or a Social Security number because charitable organizations do not have any of these identifiers themselves.

HB 645 could help reduce identity theft by reducing the needless use of personal information in government records where it is not needed. Identity theft occurs when someone uses personally identifying information, such as a name, Social Security number, or credit card number to commit fraud or other crimes. The victims of identity theft can suffer ruined credit ratings, and it can take years to fully clear their records. The Federal Trade Commission estimates that more than 9 million Americans become victims of identity theft every year. The commission expects this number to rise.

HB 645 would apply to all kinds of charitable organizations under a plain reading of the term, including religious organizations, schools, and other groups.

**OPPONENTS
SAY:**

The benefit this bill would provide to charitable organizations should be extended to all types of non-profits. It is unclear whether the bill would apply to religious organizations, private schools, and other non-profits or public interest groups because Tax Code, ch. 11 defines each of these entities separately. These other groups also have federal tax identification

numbers and should be allowed to use them when applying for property-tax exemptions.