

## **BILL ANALYSIS**

Senate Research Center

C.S.H.B. 137  
By: West (Truan)  
Finance  
5-18-97  
Committee Report (Substituted)

### **DIGEST**

Currently, charitable organizations must operate within certain confines of the law. This bill establishes provisions relating to the qualifications of certain charitable organizations for an exemption from ad valorem taxation.

### **PURPOSE**

As proposed, C.S.H.B. 137 establishes provisions relating to the qualifications of certain charitable organizations for an exemption from ad valorem taxation.

### **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, Tax Code, by amending Subsections (d) and (e) and adding Subsection (k), to provide that a charitable organization be organized to perform certain functions, including providing housing related services for families that qualify under related to socioeconomic indicators, among which include certain elderly individuals. Defines "assisted living services," "charity care," "nursing care services," "retirement community," and "single campus," in connection with a nursing home or retirement community, for purposes of Subsection (d).

SECTION 2. Amends Chapter 11, Tax Code, by adding Section 11.182, as follows:

Sec. 11.182. COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS IMPROVING PROPERTY FOR LOW-INCOME AND MODERATE-INCOME HOUSING. Provides that an organization is entitled to an exemption from taxation of improved or unimproved real property it owns if the organization meets certain requirements. Prohibits property owned by the organization from being exempted under Subsection (a) after a certain period, unless the organization is offering to rent or is renting the property without profit to a low-income or moderate-income individual or family satisfying the organization's eligibility requirements. Requires a person claiming an exemption for property described under this section to comply with the requirements of Section 11.43(a) and (b). Provides that an organization entitled to an exemption under Subsection (a) is also entitled to an exemption from taxation of any building or tangible personal property the organization owns and uses in the administration of its acquisition, building, repair, sale, or rental of property. Requires property to be used in a certain manner in order to qualify for an exemption under this subsection. Defines "community housing development organization."

SECTION 3. Amends Section 11.436(a), Tax Code, to make a conforming change.

SECTION 4. Amends Section 26.111, Tax Code, to make a conforming change.

SECTION 5. Effective date: January 1, 1998.

SECTION 6. Emergency clause.

## **SUMMARY OF COMMITTEE CHANGES**

### **SECTION 1.**

Amends Section 11.18, Tax Code, to authorize a charitable organization to be organized to provide housing and related services to persons who are 62 years of age or older in a retirement community, if the retirement community provides independent living services, assisted living services, and nursing services to its residents on a single campus, in a certain manner. Deletes a proposed provisions authorizing a charitable organization to be established to perform certain functions, including providing housing related services for families that qualify under socioeconomic related indicators, including certain elderly individuals. Makes a conforming change.

### **SECTION 2.**

Redesignates existing SECTION 2. Amends Chapter 11B, Tax Code, to set forth new provisions relating to community housing development organizations improving property for low-income and moderate-income individuals.

### **SECTION 3.**

Redesignates existing SECTION 3. Amends Section 11.436(a), Tax Code, to make a conforming change.

### **SECTION 4.**

Amends Section 26.111(a), Tax Code, to make a conforming change.

### **SECTIONS 5 and 6.**

Redesignated from SECTIONS 2 and 3.