

**SUBJECT:** Filing and organization requirements for property tax exemptions

**COMMITTEE:** Ways and Means — committee substitute recommended

**VOTE:** 9 ayes — Craddick, Ramsay, Heflin, Holzheuser, Horn, Oliveira, Stiles, Telford, Thompson

0 nays

2 absent — Grusendorf, Williamson

**WITNESSES:** None

**BACKGROUND :** Most charitable organizations exempt from property taxation must be incorporated as nonprofit organization and file a statement of their status with the proper authority. The law currently waives these organization and filing requirements for certain entities, including certain charity care hospitals, humane societies, and zoos.

**DIGEST:** CSHB 137 would waive organization and filing mandates required for property tax exemptions for entities providing housing for low-income and moderate-income families, unmarried individuals 62 years of age or older, handicapped individuals, and families displaced by urban renewal.

To be eligible for the waiver, the organization would have have contracted before December 31, 1972, for the sale or disposition of the housing to a charitable organization promoting the athletic development of children.

CSHB 137 would take effect January 1, 1998.

**SUPPORTERS SAY:** CSHB 137 would allow a property tax exemption to the Village Place Charitable Trust, a nonprofit organized solely to provide low income housing to the citizens of Odessa. The trust owns a housing project that will be conveyed with all the assets of the trust to the Boys' Club of Odessa once the note is paid off. The Boys' Club of Odessa qualifies for a property tax exemption, and the property will therefore be exempt once transferred. Although the trust is now performing the activities for which property tax exemptions are normally granted, it falls outside the laundry list of

organizations not required to file for nonprofit status in order to be eligible. To satisfy state law and qualify for a tax exemption, the organization would have to reorganize as a nonprofit corporation, a move which would cost about \$20,000 and siphon off money sorely needed for its charitable purposes.

A variety of other organizations are not required to file for nonprofit status to be eligible for property tax exemptions. These are worthy causes, but no more so the Village Place Charitable Trust. CSHB 137 would simply allow the trust the same benefits afforded other similar, tax exempt organizations. It would promote the cause of providing low-income housing to needy Texans, and in doing so, improve the quality of life for numerous individuals.

**OPPONENTS  
SAY:**

CSHB 137 would unnecessarily clutter the already convoluted Texas Tax Code. If there is inconsistency in the tax exemption requirements for nonprofit organizations, they should be repealed, but the Legislature should not approve myriad special provisions in order to circumvent established tax policy.

**NOTES:**

The committee substitute defined the type of housing organization that would not have to meet organization and filing requirements to be eligible for a property tax exemption.