

- SUBJECT:** Ad valorem tax exemptions for nonprofit county fair associations
- COMMITTEE:** Ways and Means — committee substitute recommended
- VOTE:** 8 ayes — Oliveira, McCall, Craddick, Hartnett, Bonnen, Y. Davis, Heflin, Ramsay
- 0 nays
- 3 absent — Hilbert, Keffer, Ritter
- WITNESSES:** For — Jim Beale, Rio Grande Valley Livestock Show/Texas Association of Fairs and Events; James Bricker, Trinity Valley Exposition/Texas Association of Fairs and Events
- Against — None
- BACKGROUND:** Tax Code, sec. 11.23 grants miscellaneous property tax exemptions to various groups and types of organizations. Most county fair association property is tax-exempt by virtue of its ownership by cities or counties. Although current law does not exempt property owned by fair associations, many counties give tax officials discretion in granting exemptions to such associations. Consequently, most either are exempt or are not assessed taxes, but some are.
- DIGEST:** CSHB 824 would amend Tax Code, sec. 11.23 to create a new property tax exemption for nonprofit county fair associations that were not licensed to conduct pari-mutuel wagering. Qualifying associations would be entitled to exempt the land and buildings they own or use to conduct agricultural fairs.
- To be eligible, associations would have to conduct agricultural fairs and encourage agricultural pursuits; meet the definition of a nonprofit corporation under the Texas Non-Profit Corporation Act; be exempt from federal income taxes under secs. 501(c)(3), (4) or (5) of the amended 1986 Internal Revenue Code; qualify for a franchise tax exemption; and meet statutory requirements for the operation of a charitable organization under Tax Code, secs. 11.18(e) and (f), for which purpose the association's functions would be considered to

be charitable.

Associations that were licensed to conduct horse or greyhound race meetings with pari-mutuel wagering would be excluded. Land or buildings used for such meetings also could not be exempted under the bill.

This bill would take effect January 1, 2002, and would apply only to tax years beginning on or after that date.

NOTES:

The original bill did not exclude associations licensed to conduct pari-mutuel betting on horse and greyhound races, or their property. The substitute added two types of federal non-profit status to the eligibility requirements.

In 1999, a similar bill, HB 2014 by Hilderbran, was left pending in the Ways and Means Committee.