

SUBJECT: Exempting certain multi-campus charities from property taxes

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 10 ayes — Meyer, Thierry, Button, Cole, Guerra, Martinez Fischer,  
Murphy, Noble, Rodriguez, Shine

0 nays

1 absent — Sanford

WITNESSES: For — Amber Fogarty, Mobile Loaves and Fishes; (*Registered, but did not testify*: Dana Harris, Austin Chamber of Commerce; Jennifer Allmon, Texas Catholic Conference of Bishops; Kate Alexander, Travis Central Appraisal District)

Against — None

BACKGROUND: Tax Code sec. 11.18(a) exempts from taxation the buildings, tangible personal property, and certain real property owned by qualifying charitable organizations.

Sec. 11.18(d)(23) specifies that this exemption applies to a charitable organization engaged in providing housing and related services to certain individuals who are unaccompanied, homeless, and have a disabling condition. The tax exemption authorized under this section applies only to a property that:

- is owned by a charitable organization that has been in existence for at least 12 years;
- is used to provide housing and related services; and
- is located on or consists of a single campus in a municipality with a population of more than 750,000 and less than 850,000 or within the extraterritorial jurisdiction of such a municipality.

DIGEST: HB 115 would remove the requirement under Tax Code sec. 11.18 that

property owned by certain charitable organizations and used to provide housing and related services to certain populations be located on a single campus in order to be exempt from taxation.

The bill would take effect January 1, 2022, and would apply only to an ad valorem tax year that began on or after that date.

**SUPPORTERS  
SAY:**

HB 115 would allow certain charitable organizations in Austin to remain eligible for a property tax exemption if they expanded their operations to additional properties by removing the requirement that exempted property be located on a single campus. Some organizations that have been successful in providing housing and services to people experiencing homelessness and have expanded their operations in order to meet a growing demand for their services could lose their tax exemption as a result. HB 115 would address this by ensuring that these charitable organizations remained eligible for a property tax exemption whether they operated from a single campus or multiple properties. The bill would be narrowly targeted to apply only to certain organizations and so would have a minimal impact on property tax revenues while supporting private organizations that provided critical services.

**CRITICS  
SAY:**

No concerns identified.

**NOTES:**

According to the Legislative Budget Board, HB 115 could result in more properties becoming eligible for the ad valorem tax exemption for certain charitable organizations, which could reduce taxable property values and increase related costs to the Foundation School Program through the operation of the school finance formulas.