

BILL ANALYSIS

Senate Research Center

S.B. 523
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Finance
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As Filed

DIGEST

Currently, Texas law does not include provisions for property tax exemptions for parent holding companies, which operate exclusively to provide support to health care organizations that focus on performing charitable functions described in Section 11.18(d), Tax Code. Property tax exemptions for a parent holding company is inconsistent from one appraisal district to another. Appraisal districts that recognize the structure of multi-institutional health care systems grant parent companies of multi-institutional health care systems property tax exemptions. S.B. 523 would provide property tax exemptions for properties owned by parent companies that operate exclusively to provide support services to affiliated health care organizations, and would provide consistent property tax exemptions for parent companies.

PURPOSE

As proposed, S.B. 523 provides property tax exemptions for charitable organizations.

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(h), Tax Code, to provide that the division of responsibilities between an organization that qualifies as a charitable organization under Subsection (c) and another organization will not jeopardize the exemption of property or properties owned or used by either organization if the collaboration furthers the provision of one or more of the charitable functions described in Subsection (d) and if the other organization meets certain requirements.

SECTION 2. Amends Chapter 42B, Tax Code, by adding Section 42.27, as follows:

Sec. 42.27. REMEDY FOR EXEMPTION DENIAL. Requires a court to grant an exemption and order the removal of the property from the taxable portion of the appraisal roll, if the court determines that a charitable organization providing the services described in Section 11.18(d)(1), (2), (3), (15), or (16) or a commonly controlled organization that meets the criteria described by Section 11.18(h) has been improperly denied an exemption.

SECTION 3. Amends Section 42.29(a), Tax Code, to authorize a property owner who prevails in an appeal to the court under Section 42.25, 42.26, or 42.27 to be awarded reasonable attorney's fees. Makes a nonsubstantive change.

SECTION 4. Effective date: September 1, 1999.
Makes application of this Act prospective.

SECTION 5. Emergency clause.