

By: Kerwin

H.B. No. 131

A BILL TO BE ENTITLED

AN ACT

relating to the exemption from ad valorem taxation of property owned by an organization engaged primarily in performing charitable functions.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 11.184, Tax Code, is amended by amending Subsections (k) and (n) and adding Subsections (k-1), (k-2), (k-3), and (k-4) to read as follows:

(k) An exemption under this section expires when:

(1) the organization no longer owns the property described by Subsection (c); or

(2) the comptroller determines based on the factors provided by Subsection (e) that the organization no longer qualifies for an exemption ~~[at the end of the fifth tax year after the year in which the exemption is granted. To continue to receive an exemption under this section after that year, the organization must obtain a new determination letter and reapply for the exemption].~~

(k-1) An organization receiving an exemption under this section shall notify the comptroller and the chief appraiser of the appraisal district established for the county in which the exempt property is located of each of the following material changes not later than the 30th day after the date the material change occurs:

(1) the organization sells or otherwise disposes of

1 the property that is subject to the exemption;

2 (2) the Internal Revenue Service determines that the  
3 organization is no longer an exempt entity under Section 501(c)(3),  
4 Internal Revenue Code of 1986; or

5 (3) the organization no longer qualifies for an  
6 exemption under Section 151.310.

7 (k-2) Notwithstanding Subsection (k), an organization that  
8 received an exemption granted under this section that expired  
9 before January 1, 2026, is entitled to an automatic reinstatement  
10 of the expired exemption under this section for each tax year  
11 following the tax year in which the exemption expired if the  
12 organization:

13 (1) still owns the property that was exempt from  
14 taxation under this section;

15 (2) has a valid determination letter issued by the  
16 comptroller under Subsection (f); and

17 (3) submits a written request to the chief appraiser  
18 of the appraisal district established for the county in which the  
19 exempt property is located that includes:

20 (A) proof that the organization was previously  
21 granted an exemption under this section for the property that is the  
22 subject of the request; and

23 (B) a copy of the determination letter issued by  
24 the comptroller under Subsection (f).

25 (k-3) If an organization is entitled to continue to receive  
26 an exemption under Subsection (k-2), the exemption remains in  
27 effect until it expires as provided by Subsection (k).

(k-4) An organization that is entitled to continue to receive an exemption under Subsection (k-2) does not owe any tax on the exempt property for the period starting on the date the exemption expired under Subsection (k) and ending on the date the organization is entitled to continue to receive the exemption under Subsection (k-2). If the organization paid taxes on the property during that period, the collector shall refund to the organization the amount of tax imposed on the property. The collector shall pay the refund not later than the 30th day after the date the chief appraiser notifies the collector of the approval of the continued exemption under Subsection (k-2).

(n) Notwithstanding Subsection (k) of this section and Section 11.43(c), in order for a corporation to continue to receive an exemption under Subsection (l) after the fifth tax year after the year in which the exemption is granted, the qualified charitable organization for which the corporation holds title to property must obtain a new determination letter and the corporation must reapply for the exemption.

SECTION 2. Sections 11.43(b) and (c), Tax Code, are amended to read as follows:

(b) Except as provided by Subsection (c) and by Section [Sections 11.184 and] 11.437, a person required to apply for an exemption must apply each year the person claims entitlement to the exemption.

(c) An exemption provided by Section 11.13, 11.131, 11.132, 11.133, 11.134, 11.17, 11.18, 11.182, 11.1827, 11.183, 11.184, 11.19, 11.20, 11.21, 11.22, 11.23(a), (h), (j), (j-1), or (m),

1 11.231, 11.254, 11.27, 11.271, 11.29, 11.30, 11.31, 11.315, 11.35,  
2 or 11.36, once allowed, need not be claimed in subsequent years, and  
3 except as otherwise provided by Subsection (e), the exemption  
4 applies to the property until it changes ownership or the person's  
5 qualification for the exemption changes. However, except as  
6 provided by Subsection (r), the chief appraiser may require a  
7 person allowed one of the exemptions in a prior year to file a new  
8 application to confirm the person's current qualification for the  
9 exemption by delivering a written notice that a new application is  
10 required, accompanied by an appropriate application form, to the  
11 person previously allowed the exemption. If the person previously  
12 allowed the exemption is 65 years of age or older, the chief  
13 appraiser may not cancel the exemption due to the person's failure  
14 to file the new application unless the chief appraiser complies  
15 with the requirements of Subsection (q), if applicable.

16 SECTION 3. It is the intent of the 89th Legislature, 1st  
17 Called Session, 2025, that the amendments made by this Act be  
18 harmonized with another Act of the 89th Legislature, Regular  
19 Session, 2025, relating to nonsubstantive additions to and  
20 corrections in enacted codes.

21 SECTION 4. This Act takes effect January 1, 2026.