

## **BILL ANALYSIS**

C.S.H.B. 3064  
By: Coleman  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

There are concerns regarding the property tax exemption for affordable housing developments in certain highly populated counties. Interested parties assert that the property tax exemption for rental developments was reduced and that the exemption should be raised to maintain the ability to provide affordable housing and to avoid passing costs to low-income residents. C.S.H.B. 3064 seeks to address this issue.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3064 amends the Tax Code to entitle the owner of real property used by certain organizations to construct or rehabilitate certain low-income housing to a property tax exemption of 100 percent of the property's appraised value, regardless of whether the owner meets certain other eligibility requirements necessary to receive a property tax exemption for constructing or rehabilitating low-income housing, if the following conditions are met:

- the owner is exempt from federal income taxation by being listed as a charitable organization exempted from federal income tax under the federal Internal Revenue Code of 1986 and the owner otherwise qualifies for a property tax exemption for constructing or rehabilitating low-income housing;
- the property was previously owned by a local government corporation created by a municipality under the Texas Transportation Corporation Act, the Texas Housing Finance Corporations Act, or a predecessor statute for purposes that include promoting, developing, encouraging, and maintaining affordable housing in a tax increment financing reinvestment zone created by the municipality under the Tax Increment Financing Act; and
- the property is located in a county with a population of at least four million.

C.S.H.B. 3064 applies only to property taxes imposed for a tax year beginning on or after the effective date of the bill.

**EFFECTIVE DATE**

January 1, 2016.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 3064 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

**INTRODUCED**

SECTION 1. Section 11.1825(s), Tax Code, is amended to read as follows:

(s) Unless otherwise provided by the governing body of a taxing unit any part of which is located in a county with a population of at least 1.8 million under Subsection (x), for property described by Subsection (f)(1), the amount of the exemption under this section from taxation is 50 percent of the appraised value of the property. In counties with a population in excess of 4,100,000, the amount of the exemption under this section from taxation is 100 percent of the appraised value of the property if the property has been determined by the Texas Department of Housing and Community Affairs to be owned by a nonprofit entity that meets the requirements of subsection (b).

No equivalent provision.

**HOUSE COMMITTEE SUBSTITUTE**

SECTION 1. Section 11.1825, Tax Code, is amended by amending Subsections (s) and (v) and adding Subsection (z) to read as follows:

(s) Unless otherwise provided by the governing body of a taxing unit any part of which is located in a county with a population of at least 1.8 million under Subsection (x) or as provided by Subsection (z), for property described by Subsection (f)(1), the amount of the exemption under this section from taxation is 50 percent of the appraised value of the property.

(v) Except as provided by Subsection (z), notwithstanding [~~Notwithstanding~~] any other provision of this section, an organization may not receive an exemption from taxation of property described by Subsection (f)(1) by a taxing unit any part of which is located in a county with a population of at least 1.8 million unless the exemption is approved by the governing body of the taxing unit in the manner provided by law for official action.

(z) Notwithstanding any other provision of this section, an owner of real property described by Subsection (f)(1) or (2) is entitled to an exemption under this section from taxation of 100 percent of the appraised value of the property regardless of whether the owner meets the requirements of Subsection (b) or of Subsections (c) and (d) if:

(1) the owner is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as amended, by being

listed as an exempt entity under Section 501(c)(3) of that code and the owner otherwise qualifies for an exemption for the property under this section;

(2) the property was previously owned by a local government corporation created by a municipality under Chapter 431, Transportation Code, or Chapter 394, Local Government Code, or a predecessor statute for purposes that include promoting, developing, encouraging, and maintaining affordable housing in a tax increment financing reinvestment zone created by the municipality under Chapter 311, Tax Code; and

(3) the property is located in a county with a population of at least four million.

No equivalent provision.

SECTION 2. This Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

No equivalent provision.

SECTION 3. This Act takes effect January 1, 2016.