

## **BILL ANALYSIS**

C.S.H.B. 850  
By: Turner  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties suggest that Medicaid home and community-based service providers should pay less property tax because of the public services they provide and because they are already at least partially funded with public money. C.S.H.B. 850 seeks to exempt from property taxation a portion of the appraised value of certain real property used to provide housing to certain individuals with an intellectual disability.

### **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 rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 1 of this bill.

### **ANALYSIS**

C.S.H.B. 850 amends the Tax Code to entitle a person to a tax exemption for a portion, expressed as a dollar amount, of the appraised value of real property that the person owns and that is used as a group home operating under a Medicaid home and community-based services waiver or an intermediate care facility for individuals with an intellectual disability if at least 95 percent of such a facility's residents are Medicaid recipients in an amount equal to the costs to maintain, operate, and make improvements to the property during the preceding 12-month period. The bill requires an application for such an exemption to include an affidavit stating the costs incurred by the property owner in maintaining, operating, and making improvements to the property during the preceding 12-month period and to include any relevant information or documentation required by the application form. The bill requires the comptroller of public accounts to adopt rules for the administration of the bill's provisions, including rules prescribing the application form and specifying the 12-month period for which the costs are used to determine the amount of the exemption. The bill applies only to a property tax year that begins on or after January 1, 2020.

### **EFFECTIVE DATE**

January 1, 2018, if the constitutional amendment authorizing the legislature to exempt from property taxation a portion of the market value of certain real property used to provide housing to certain individuals with an intellectual disability or related conditions is approved by the voters.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 850 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. Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.35 to read as follows:

Sec. 11.35. REAL PROPERTY USED TO PROVIDE HOUSING TO CERTAIN INDIVIDUALS WITH DISABILITIES.

(a) In this section:

(1) "Group home" means a home or an establishment that:

(A) furnishes food, shelter, and treatment or services to four or more individuals unrelated to the owner of the facility;

(B) is primarily for the diagnosis, treatment, or rehabilitation of individuals with intellectual disabilities or related conditions; and

(C) provides in a protected setting continuous evaluation, planning, 24-hour supervision, coordination, and integration of health or rehabilitative services to help each resident function at the resident's greatest ability.

(2) "Intermediate care facility for individuals with developmental, physical, or intellectual disabilities" means a facility described by Chapter 252, Health and Safety Code.

(3) "Section 1915(c) waiver program" has the meaning assigned by Section 531.001, Government Code.

(b) A person is entitled to an exemption from taxation of a portion, expressed as a dollar amount, of the appraised value of real property that the person owns and that is used as:

(1) a group home operating under a Section 1915(c) waiver program; or

(2) an intermediate care facility for individuals with developmental, physical, or intellectual disabilities if at least 95 percent of the residents of the facility are recipients of medical assistance under Chapter 32, Human Resources Code.

(c) The amount of the exemption authorized under this section is an amount equal to the costs incurred by the property owner in maintaining, operating, and making improvements to the property during the preceding 12-month period.

## HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.35 to read as follows:

Sec. 11.35. REAL PROPERTY USED TO PROVIDE HOUSING TO CERTAIN INDIVIDUALS WITH AN INTELLECTUAL DISABILITY.

(a) In this section:

(1) "Group home" means a home or an establishment that:

(A) furnishes food, shelter, and treatment or services to four or more individuals unrelated to the owner of the facility;

(B) is primarily for the diagnosis, treatment, or rehabilitation of individuals with an intellectual disability or related conditions; and

(C) provides in a protected setting continuous evaluation, planning, 24-hour supervision, coordination, and integration of health or rehabilitative services to help each resident function at the resident's greatest ability.

(2) "Intermediate care facility for individuals with an intellectual disability" means a facility described by Chapter 252, Health and Safety Code.

(3) "Section 1915(c) waiver program" has the meaning assigned by Section 531.001, Government Code.

(b) A person is entitled to an exemption from taxation of a portion, expressed as a dollar amount, of the appraised value of real property that the person owns and that is used as:

(1) a group home operating under a Section 1915(c) waiver program; or

(2) an intermediate care facility for individuals with an intellectual disability if at least 95 percent of the residents of the facility are recipients of medical assistance under Chapter 32, Human Resources Code.

(c) The amount of the exemption authorized under this section is an amount equal to the costs to maintain, operate, and make improvements to the property during the preceding 12-month period.

(d) An application for an exemption under this section must include an affidavit stating the costs incurred by the property owner in maintaining, operating, and making improvements to the property during the preceding 12-month period and include any relevant information or documentation required by the application form.

(e) The comptroller shall adopt rules for the administration of this section, including rules prescribing the form of an application for an exemption under this section and specifying the 12-month period for which the costs are used to determine the amount of the exemption.

SECTION 2. Section 11.35, Tax Code, as added by this Act, applies only to an ad valorem tax year that begins on or after January 1, 2018.

SECTION 3. This Act takes effect January 1, 2018, but only if the constitutional amendment proposed by the 85th Legislature, Regular Session, 2017, authorizing the legislature to exempt from ad valorem taxation a portion of the assessed value of certain real property used to provide housing to certain individuals with disabilities is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.

(d) An application for an exemption under this section must include an affidavit stating the costs incurred by the property owner in maintaining, operating, and making improvements to the property during the preceding 12-month period and include any relevant information or documentation required by the application form.

(e) The comptroller shall adopt rules for the administration of this section, including rules prescribing the form of an application for an exemption under this section and specifying the 12-month period for which the costs are used to determine the amount of the exemption.

SECTION 2. Section 11.35, Tax Code, as added by this Act, applies only to an ad valorem tax year that begins on or after January 1, 2020.

SECTION 3. This Act takes effect January 1, 2018, but only if the constitutional amendment proposed by the 85th Legislature, Regular Session, 2017, authorizing the legislature to exempt from ad valorem taxation a portion of the market value of certain real property used to provide housing to certain individuals with an intellectual disability or related conditions is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.