

BILL ANALYSIS

Senate Research Center

S.B. 1048
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Finance
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As Filed

DIGEST

Currently, the law provides an ad valorem tax exemption for property acquired by a nonprofit housing organization during the time the organization is improving the property for transfer to its final owners. This exemption applies only to an organization which constructs the housing primarily with volunteer help. Community development organizations do not primarily use volunteer labor, yet they use public money to provide housing for low-income Texans. This bill extends the ad valorem exemption to property acquired by community development organizations for the purpose of providing low-income and moderate-income housing during the time they hold the property.

PURPOSE

As proposed, S.B. 1048 extends the ad valorem exemption to property acquired by community development organizations for the purpose of providing low-income housing during the time they hold the property.

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 Chapter 11B, Tax Code, by adding Section 11.182, as follows:

Sec. 11.182. COMMUNITY HOUSING DEVELOPMENT ORGANIZATIONS IMPROVING PROPERTY FOR LOW-INCOME AND MODERATE-INCOME HOUSING. Provides that an organization is entitled to an exemption from taxation of improved or unimproved real property it owns if the organization meets certain requirements. Prohibits property owned by the organization from being exempted after a certain period of time unless the property is offering to rent or renting the property without profit to a low-income or moderate-income individual or family. Entitles an organization entitled to an exemption under Subsection (a) to also be exempt from taxation of any building used for acquisition, building, repair, sale, or rental of property. Sets forth the qualifications of the exemption. Defines "community housing development organization."

SECTION 2. Amends Section 11.436(a), Tax Code, to authorize an organization to apply for an exemption if it qualifies under Section 11.182(a), Tax Code.

SECTION 3. Amends Section 26.111(a), Tax Code, to make a conforming change.

SECTION 4. Effective date: January 1, 1998.

SECTION 5. Emergency clause.