

## **BILL ANALYSIS**

Senate Research Center  
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H.B. 3383  
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Engrossed

### **DIGEST AND PURPOSE**

Under current law, properties owned by community housing development organizations are exempt from ad valorem taxation. However, concerns exist that some organizations are taking advantage of the exemption without reinvesting the savings that are realized by the organization's tax exempt status and are not using surplus revenue generated by affordable housing units to maintain the property or offer other support services. H.B. 3383 prohibits rental property owned by an organization from being exempted from taxation in a subsequent tax year unless in the preceding tax year the organization spent a certain percentage of the exemption in that year on specified development services.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 11.182, Tax Code, by amending Subsection (b) and adding Subsection (f), as follows:

(b) Prohibits rental property owned by an organization that is exempted under Subsection (a) from being exempted in a subsequent tax year unless in the preceding tax year the organization spent an amount equal to at least 50 percent of the amount of the exemption in that year on social, education, or economic development services for eligible persons in the jurisdiction granting the exemption.

(f) Provides that an organization is not required to spend at least 50 percent of the amount of the exemption as prescribed in Subsection (b) if the organization acquired the property using tax-exempt bond financing after January 1, 1997, and before December 31, 2001.

SECTION 2. Effective date: January 1, 2002.  
Makes application of this Act prospective.