

BILL ANALYSIS

Senate Research Center
77R15101 SMH-F

C.S.H.B. 3383
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Intergovernmental Relations
5/10/2001
Committee Report (Substituted)

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. C.S.H.B. 3383 prohibits certain rental property owned by an organization from being exempted from taxation in a 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, as follows:

- (a) Defines “cash flow” and “community housing development organization.”
- (b) Redesignated from Subsection (a) with no changes.
- (c) Modifies a statutory reference.
- (d) Prohibits a multi-family rental property consisting of 36 or more dwelling units owned by the organization that is exempted under Subsection (b) 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 total amount of taxes that would have been imposed on the property without the exemption in that year on social, education, or economic development services for eligible persons in the county in which the property is located. Provides that this subsection does not apply to property acquired by the organization using tax-exempt bond financing after January 1, 1997, and before December 31, 2001.
- (e) Sets forth requirements, in addition the requirements set forth in Subsections (b) and (c), for an organization to receive an exemption under Subsection (b) for improved real property that includes a housing project the construction of which was financed with private activity tax-exempt bonds or low-income housing tax credits.
- (f) Deletes text regarding the compliance with certain requirements of a person claiming an exemption. Modifies a statutory reference.
- (g) Requires an organization to annually have an audit prepared by an independent certified public accountant to receive an exemption under Subsection (b) or (f). Requires the audit to include a detailed report on the organization’s sources and uses of funds. Requires a copy of

the audit to be delivered to the Texas Department of Housing and Community Affairs and to the chief appraiser of the appraisal district in which the property subject to the exemption is located. Deletes text defining “community housing development organization.”

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