

By: Watson

S.B. No. 543

A BILL TO BE ENTITLED

AN ACT

relating to prohibiting the allocation of low income housing tax credits to certain applicants.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Subchapter DD, Chapter 2306, Government Code, is amended by adding Section 2306.67031 to read as follows:

Sec. 2306.67031. RESTRICTION ON ALLOCATION OF HOUSING TAX CREDITS TO CERTAIN DEVELOPMENTS. (a) In this section:

(1) "Extended use period" has the meaning assigned by Section 42(h)(6)(D), Internal Revenue Code of 1986.

(2) "Qualified contract" has the meaning assigned by Section 42(h)(6)(F), Internal Revenue Code of 1986.

(b) The department may not allocate housing tax credits to a development proposed by an applicant who owns one or more existing developments supported by housing tax credits under this subchapter unless the applicant agrees, as part of any conditions imposed by the department in connection with the allocation of housing tax credits for the proposed development, to waive the applicant's right to sell any existing developments through the use of a qualified contract during the extended use period.

SECTION 2. The change in law made by this Act applies only to an application for low income housing tax credits that is submitted to the Texas Department of Housing and Community Affairs during an application cycle that is based on the 2020 qualified

1 allocation plan or a subsequent plan adopted by the governing board
2 of the department under Section [2306.67022](#), Government Code. An
3 application that is submitted during an application cycle that is
4 based on an earlier qualified allocation plan is governed by the law
5 in effect on the date the application cycle began, and the former
6 law is continued in effect for that purpose.

7 SECTION 3. This Act takes effect September 1, 2019.