

By: Lucio

S.B. No. 724

A BILL TO BE ENTITLED

AN ACT

relating to the appraisal for ad valorem tax purposes of certain property used to provide low-income or moderate-income housing.

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

SECTION 1. Section 23.215, Tax Code, is amended to read as follows:

Sec. 23.215. APPRAISAL OF CERTAIN NONEXEMPT PROPERTY USED FOR LOW-INCOME OR MODERATE-INCOME HOUSING. (a) This section applies only to real property [~~owned by an organization~~]:

(1) that on the effective date of the appraisal [~~this section~~] was rented to a low-income or moderate-income individual or family satisfying the organization's income eligibility requirements and that continues to be used for that purpose;

(2) that was financed under the low income housing tax credit program under Subchapter DD, Chapter 2306, Government Code;

(3) that does not receive an exemption under Section 11.182 or 11.1825; and

(4) the owner of which has not entered into an agreement with any taxing unit to make payments to the taxing unit instead of taxes on the property.

(b) The chief appraiser shall use the income method of appraisal as provided by Section 23.012 and shall apply a capitalization rate as set forth in Subsection (c).

(c) The capitalization rate to be used in determining the

1 appraised value under this section is at least 13.5 percent unless
2 the appraisal district where the property is appraised performs a
3 study of capitalization rates based on the sales of comparable
4 properties that meet the requirements of Subsection (a) within the
5 boundaries of the appraisal district. If the study determines a
6 capitalization rate other than 13.5 percent, such capitalization
7 rate shall be used. The net operating income capitalized shall be
8 inclusive of all property taxes [~~appraise the property in the~~
9 manner provided by Section 11.1825(q)].

10 (d) Not later than January 31 of each year, the appraisal
11 district shall give public notice in a manner determined by the
12 district, including posting on the district's website if
13 applicable, of the capitalization rate to be used in that year to
14 appraise property that meets the requirements of Subsection (a) if
15 the rate is other than 13.5 percent.

16 (e) In a study required by Section 403.302, Government Code,
17 a property selected for appraisal and meeting the requirements of
18 Subsection (a) must be appraised as required under Subsection (c).

19 SECTION 2. This Act applies only to ad valorem taxes imposed
20 for a tax year beginning on or after the effective date of this Act.

21 SECTION 3. This Act takes effect January 1, 2006.