

By: Lucio

S.B. No. 724

A BILL TO BE ENTITLED

AN ACT

relating to the appraisal for ad valorem taxation of certain property used to provide low-income housing.

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

SECTION 1. Subsection (q), Section 11.1825, Tax Code, is amended to read as follows:

(q) If property qualifies for an exemption under this section, the chief appraiser shall use the income method of appraisal as provided by Section 23.012 to determine the appraised value of the property. In appraising the property, the chief appraiser shall:

(1) consider the restrictions provided by this section on the income of the individuals or families to whom the dwelling units of the housing project may be rented and the amount of rent that may be charged for purposes of computing the actual rental income from the property or projecting future rental income; and

(2) use 13.5 percent as the ~~[same]~~ capitalization rate for the property ~~[that the chief appraiser uses to appraise other rent restricted properties]~~.

SECTION 2. Subsection (r), Section 11.1825, Tax Code, is repealed.

SECTION 3. This Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 4. This Act takes effect January 1, 2006.