

1-1 By: Lucio S.B. No. 724
1-2 (In the Senate - Filed February 24, 2005; March 2, 2005,
1-3 read first time and referred to Committee on Intergovernmental
1-4 Relations; May 2, 2005, reported adversely, with favorable
1-5 Committee Substitute by the following vote: Yeas 5, Nays 0;
1-6 May 2, 2005, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 724 By: Gallegos

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the appraisal for ad valorem tax purposes of certain
1-11 property used to provide low-income or moderate-income housing.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 23.215, Tax Code, is amended to read as
1-14 follows:

1-15 Sec. 23.215. APPRAISAL OF CERTAIN NONEXEMPT PROPERTY USED
1-16 FOR LOW-INCOME OR MODERATE-INCOME HOUSING. (a) This section
1-17 applies only to real property ~~[owned by an organization]:~~

1-18 (1) that on the effective date of this section was
1-19 rented to a low-income or moderate-income individual or family
1-20 satisfying the organization's income eligibility requirements and
1-21 that continues to be used for that purpose;

1-22 (2) that was financed under the low income housing tax
1-23 credit program under Subchapter DD, Chapter 2306, Government Code;

1-24 (3) that does not receive an exemption under Section
1-25 11.182 or 11.1825; and

1-26 (4) the owner of which has not entered into an
1-27 agreement with any taxing unit to make payments to the taxing unit
1-28 instead of taxes on the property.

1-29 (b) The chief appraiser shall use the income method of
1-30 appraisal as provided by Section 23.012 and shall apply a
1-31 capitalization rate as set forth in Subsection (c).

1-32 (c) The capitalization rate to be used in determining the
1-33 appraised value under this section is computed by adding eight
1-34 percentage points to the prime rate as published in The Wall Street
1-35 Journal on the first day of each calendar year that is not a
1-36 Saturday, Sunday, or legal holiday. The net operating income
1-37 capitalized shall be inclusive of all property taxes [appraise the
1-38 property in the manner provided by Section 11.1825(q)].

1-39 (d) The use of the appraised value determined by this
1-40 section shall be the market value of the property subject to appeal
1-41 for the purpose of any study under Section 403.302, Government
1-42 Code.

1-43 SECTION 2. This Act applies only to ad valorem taxes imposed
1-44 for a tax year beginning on or after the effective date of this Act.

1-45 SECTION 3. This Act takes effect January 1, 2006.

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