# BILL ANALYSIS

Senate Research Center H.B. 3191
80R6683 SMH-D By: Hill (West)
Finance
5/4/2007
Engrossed

## AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Nonprofit developers presently pay at least 50 percent of the taxes assessed on real estate acquisitions for their construction or rehabilitation programs that provide affordable single-family homeownership. Property taxes paid by the nonprofit must be passed on to low-income homebuyers either in closing costs or as a price increase on the home.

The 78th Legislature rolled back the original 100 percent exemption in addition to the long-term exemption once granted to nonprofit developers of multi-family housing. The purpose of the change was to address abuses among nonprofit developers of multi-family properties; however, the same problem was not taking place within the single-family housing homeownership program.

H.B. 3191 provides that a 100 percent exemption applies to property owned by an organization for the purpose of constructing or rehabilitating a housing project on the property and selling single-family dwellings to individuals or families whose income is below a certain amount.

## RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to any state officer, institution, or agency.

## SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 11.1825, Tax Code, by amending Subsections (s) and (v) and adding Subsection (s-1), as follows:

> (s) Provides that this subsection is applicable to property described by Subsection (f)(1) (regarding property owned by an organization for the purpose of constructing or rehabilitating a housing project on the property and renting the housing to individuals or families whose median income is below a certain amount).
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> (s-1) Provides that the amount of the exemption under this section from taxation for property described by Subsection (f)(2) (regarding property owned by an organization for the purpose of constructing or rehabilitating a housing project on the property and selling single-family dwellings to individuals or families whose median income is below a certain amount) is 100 percent of the appraised value of the property.
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> (v) Prohibits an organization from receiving an exemption from certain taxation of property described by Subsection (f)(1) (regarding property owned by an organization for the purpose of constructing or rehabilitating a housing project on the property and renting the housing to individuals or families whose median income is below a certain amount), unless the exemption is approved by the governing body of the taxing unit.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: January 1, 2008.