

By: Talton

H.B. No. 235

A BILL TO BE ENTITLED

AN ACT

relating to the ad valorem taxation 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 11.1825, Tax Code, is amended by adding Subsection (z) to read as follows:

(z) An organization may not receive an exemption under this section for property for a tax year beginning on or after January 1, 2008, unless the organization received an exemption under this section for that property for any part of the 2007 tax year.

SECTION 2. 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 is ~~[on the effective date of 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

1 agreement with any taxing unit to make payments to the taxing unit  
2 instead of taxes on the property.

3 (b) The chief appraiser shall appraise the property  
4 according to the income method of appraisal under Section 23.012  
5 using a capitalization rate of at least 13.5 percent, except as  
6 provided by Subsection (c). In determining the net operating  
7 income produced by the property for purposes of this subsection,  
8 the chief appraiser may not deduct the taxes imposed on the property  
9 [in the manner provided by Section 11.1825(q)].

10 (c) The chief appraiser may conduct a study of sales of  
11 comparable properties described by Subsection (a) that are located  
12 in the appraisal district to determine the appropriate  
13 capitalization rate to use in determining the market value of the  
14 property. If as a result of the study the chief appraiser  
15 determines that a capitalization rate of less than 13.5 percent is  
16 more appropriate for that purpose, the chief appraiser shall use  
17 that lesser rate.

18 (d) Not later than January 31 of each year, the appraisal  
19 district shall give public notice in the manner determined by the  
20 district, including by posting on the district's website if  
21 applicable, of the capitalization rate to be used in that year to  
22 appraise property under this section if that rate is a rate of less  
23 than 13.5 percent.

24 (e) In connection with an annual study conducted under  
25 Section 403.302, Government Code, the value of a property described  
26 by Subsection (a) that is selected for appraisal must be determined  
27 in the manner required by this section.

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

3           SECTION 4.   This Act takes effect January 1, 2008.