

By: Menendez

H.B. No. 3875

A BILL TO BE ENTITLED

AN ACT

relating to the exemption from ad valorem taxation for certain organizations constructing or rehabilitating low-income housing.

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

SECTION 1. Sections 11.1825(c), (s), (v), (w), (x), and (y), Tax Code, are amended to read as follows:

(c) Notwithstanding Subsection (b), an owner of real property that is not an organization described by that subsection is entitled to an exemption from taxation of property under this section if the property otherwise qualifies for the exemption and:

(1) the owner is:

(A) [~~(1)~~] a limited partnership of which an organization that meets the requirements of Subsection (b) controls 100 percent of the general partner interest; or

(B) [~~(2)~~] an entity the parent of which is an organization that meets the requirements of Subsection (b); or

(2) the Bond Review Board approved an allocation of private activity bonds to finance in whole or in part the construction or rehabilitation of the property and the property is located:

(A) in a county with a population of less than 75,000; or

(B) in an area that:

(i) is not located in a standard

1 metropolitan statistical area; and

2 (ii) has an area median family income, as  
3 established by the United States Department of Housing and Urban  
4 Development, that is less than the statewide area median family  
5 income, as established by that department.

6 (s) Unless otherwise provided by the governing body of a  
7 taxing unit [~~any part of which is located in a county with a~~  
8 ~~population of at least 1.4 million~~] under Subsection (x), if  
9 applicable, the amount of the exemption under this section from  
10 taxation is 50 percent of the appraised value of the property.

11 (v) Notwithstanding any other provision of this section:

12 (1) [7] an organization may not receive an exemption  
13 from taxation by a taxing unit any part of which is located in a  
14 county with a population of at least 1.4 million unless the  
15 exemption is approved by the governing body of the taxing unit in  
16 the manner provided by law for official action; and

17 (2) an organization may not receive an exemption from  
18 taxation by a taxing unit for property described by Subsection  
19 (c)(2) unless the exemption is approved by the governing body of the  
20 taxing unit in the manner provided by law for official action.

21 (w) To receive an exemption under this section from taxation  
22 by a taxing unit for which the approval of the governing body of the  
23 taxing unit is required by Subsection (v), an organization must  
24 submit to the governing body of the taxing unit a written request  
25 for approval of the exemption from taxation of the property  
26 described in the request. If the request is for approval of an  
27 exemption for property described by Subsection (c)(2), the request

1 must state the term for which the exemption is requested, which may  
2 not exceed the term of the bonds described by that subsection.

3 (x) Not later than the 60th day after the date the governing  
4 body of the taxing unit receives a written request under Subsection  
5 (w) for an exemption under this section, the governing body shall:

6 (1) if the request is for approval of an exemption for  
7 property other than property described by Subsection (c)(2):

8 (A) approve the exemption in the amount provided  
9 by Subsection (s);

10 (B) [~~(2)~~] approve the exemption in a reasonable  
11 amount other than the amount provided by Subsection (s); or

12 (C) [~~(3)~~] deny the exemption if the governing  
13 body determines that:

14 (i) [~~(A)~~] the taxing unit cannot afford the  
15 loss of ad valorem tax revenue that would result from approving the  
16 exemption; or

17 (ii) [~~(B)~~] additional housing for  
18 individuals or families meeting the income eligibility  
19 requirements of this section is not needed in the territory of the  
20 taxing unit; or

21 (2) if the request is for approval of an exemption for  
22 property described by Subsection (c)(2):

23 (A) approve the exemption for a specified term in  
24 a fixed amount or in variable amounts in each tax year of the term  
25 and may impose additional qualifications for receiving the  
26 exemption in any tax year; or

27 (B) deny the exemption if the governing body

1 determines that:

2 (i) the taxing unit cannot afford the loss  
3 of ad valorem tax revenue that would result from approving the  
4 exemption; or

5 (ii) additional housing for individuals or  
6 families meeting the income eligibility requirements of this  
7 section is not needed in the territory of the taxing unit.

8 (y) Not later than the fifth day after the date the  
9 governing body of the taxing unit takes action under Subsection  
10 (x), the taxing unit shall issue a letter to the organization  
11 stating the governing body's action and, if the governing body  
12 denied the exemption, stating whether the denial was based on a  
13 determination under Subsection (x)(1)(C)(i) or (ii) or  
14 (x)(2)(B)(i) or (ii), as applicable, [~~(x)(3)(A) or (B)~~] and the  
15 basis for the determination. The taxing unit shall send a copy of  
16 the letter by regular mail to the chief appraiser of each appraisal  
17 district that appraises the property for the taxing unit. The  
18 governing body may charge the organization a fee not to exceed the  
19 administrative costs of processing the request of the organization,  
20 approving or denying the exemption, and issuing the letter required  
21 by this subsection. If the chief appraiser determines that the  
22 property qualifies for an exemption under this section and the  
23 governing body of the taxing unit approves the exemption, the chief  
24 appraiser shall grant the exemption in the amount approved by the  
25 governing body.

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

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