

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 25, 2007

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB3191 by Hill (Relating to the exemption from ad valorem taxation of certain property used to provide low-income housing.), **As Engrossed**

Passage of the bill could result in a larger property tax exemption for organizations that own property for the purposes of constructing or rehabilitating low income housing on the property and selling single-family dwellings in counties with a population of at least 1.4 million. As a result, taxable property values could be reduced and the related costs to the Foundation School Fund could be increased.

The bill would amend Section 11.1825 of the Tax Code to provide a 100 percent exemption for organizations owning property for the purposes of constructing or rehabilitating low income housing on the property and selling single-family dwellings in counties with a population of at least 1.4 million. Under current law, the exemption is 50 percent of the appraised value.

Because the state is constitutionally prohibited from imposing a state property tax, there would be no direct fiscal impact on the state; however, Section 403.302 of the Government Code requires the Comptroller to conduct a property value study to determine the total taxable value for each school district. Total taxable value is an element in the state's school funding formula. Passage of this bill could cause a change in school district taxable values reported to the Commissioner of Education by the Comptroller.

Passage of this bill would grant organizations that own single-family residences an exemption of an undetermined amount of value, depending on the number of properties and the market value determined by the appraisal district. The Comptroller's Office does not receive or maintain information from units of local government that would be helpful in determining the fiscal impact of this bill.

The bill would take effect January 1, 2007.

Local Government Impact

Passage of the bill could result in a larger property tax exemption for organizations that own single-family residences. As a result, taxable property values and the related ad valorem tax revenue for units of local government could be reduced.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, SJS