

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 26, 2007

TO: Honorable David Dewhurst , Lieutenant Governor, Senate
Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: SB1908 by Ellis (Relating to affordable housing.), **Conference Committee Report**

No significant fiscal implication to the State is anticipated.

The bill would amend the Government Code to provide the Texas Department of Housing and Community Affairs (TDHCA) the authority to operate the Texas First-Time Homebuyer Program. The bill would provide TDHCA the authority to establish rules and administer the program, would provide eligibility requirements for recipients of the Texas First-Time Homebuyer Program, and identifies the funding source for this program.

The bill would amend the Government Code relating to the regional allocation of certain housing funds and to the information used to determine the allocation of those funds.

The bill would amend the Government Code relating to the administration of TDHCA. The bill would impose a penalty for certain violations and remove the requirement for TDHCA to hold a hearing on the State Low Income Housing Plan in each of the state's 13 uniform state planning districts.

The bill would require TDHCA to maintain an electronic mail notification service to which any person may electronically subscribe to receive information concerning the status of preapplications and applications for the housing tax credit program.

The bill would amend Local Government Code to authorize a governing body of a municipality to be authorized to adopt an urban land bank demonstration program in which the officer charged with selling real property ordered sold pursuant to foreclosure of a tax lien may sell certain eligible real property by private sale for purposes of affordable housing development as provided by the chapter. The governing body of a municipality that adopts an urban land bank demonstration program would be required to establish or approve a land bank for the purpose of acquiring, holding, and transferring unimproved real property under this chapter. Requirements for establishing and operating the land bank program are included in the bill.

The bill would amend the Tax Code to stipulate that real property acquired, held, and transferred by a qualified charitable organization serving as or on behalf of a land bank would be tax exempt. The bill would amend the Government Code relating to tax increment financing (TIF).

For purposes of the Comptroller's Property Value Study, the bill would require the Comptroller to deduct from a school district's market value the total dollar amount of any captured appraised value relative to a tax increment financing agreement that--(1) is within an investment zone created on or before December 31, 2008 by a municipality with a population of less than 18,000; (2) the project plan for which requires that a portion of the tax increment be used to alter, remodel, repair, or reconstruct a structure that is included on the National Register of Historic Places; (3) generates school taxes that are paid into a TIF fund; and, (4) is eligible for tax increment financing.

Passage of this bill would provide a limited exception to current law, which limits the deduction of captured value for school districts from the Comptroller's Property Value Study to TIF agreements

entered into by school districts before September 1, 1999. To the extent that reduced school district values in certain districts would affect taxable values reported to the Commissioner of Education, there could be an undetermined cost to the state for value reductions associated with passage of this bill. The Comptroller's Property Tax Division 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 amend the Tax Code by modifying the requirements for qualification for an exemption as low or moderate income housing by extending the exemption to property controlled but not owned by the applicant. Based on the analysis of information provided by the Comptroller of Public Accounts related to this provision, it is assumed that the bill would create an indeterminate cost to local taxing units, school districts, and to the state. However, the fiscal implications of the bill cannot be determined due to the lack of information that is available.

Based on information provided from TDHCA, it is assumed that costs related to the duties and responsibilities associated with implementing the provisions of the bill could be covered by utilizing existing resources.

The bill would take effect September 1, 2007.

Local Government Impact

The fiscal impact would vary by municipality, depending on whether the municipality chooses to establish an urban land bank demonstration program and the amount and value of property involved.

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 332 Department of Housing and Community Affairs

LBB Staff: JOB, DB, AH