

BILL ANALYSIS

Senate Research Center
81R10879 SMH-D

H.B. 2284
By: Rodriguez (Hinojosa)
Finance
5/20/2009
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, single-family or multi-family properties owned by a community housing development organization receive a 50 percent property tax exemption. The remaining amount is appraised using various criteria, including the income of tenants and any rent restrictions on the property. The appraisal method prescribed is commonly used for multi-family affordable housing but is also intended for single-family affordable housing. However, in some cases county tax appraisers have not uniformly applied the income method of valuation specified in Section 23.012 (Income Method of Appraisal), Tax Code, toward single-family affordable housing. This has resulted in incorrect value assessment and litigation. The purpose of the bill is to eliminate ambiguity and establish more uniform application of Tax Code provisions relating to the low-income property tax exemption.

H.B. 2284 relates to the ad valorem taxation of property owned by certain organizations and used to provide affordable housing.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 11.1825(f) and (q), Tax Code, as follows:

(f) Requires the organization, for property to be exempt under this section, to own the property for the purpose of constructing or rehabilitating a housing project on the property and renting the housing, regardless of whether the housing project consists of multi-family or single-family dwellings, to individuals and families with a certain median income.

(q) Requires the chief appraiser, if property qualifies for an exemption under this section, to use the income method of appraisal as described, rather than as provided, by Section 23.012 (Income Method of Appraisal) to determine the appraised value of the property. Requires the chief appraiser to use that method regardless of whether the chief appraiser considers that method to be the most appropriate method of appraising the property.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: January 1, 2010.