

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**April 2, 2009**

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

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

**IN RE: SB1591** by Ogden (Relating to the length of time certain property acquired by a charitable organization to provide low-income housing may be exempted from ad valorem taxation.),  
**As Introduced**

**Passage of the bill would extend the period for which a property may be exempted as low-income housing from three to five years. 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 11.181(b) of the Tax Code to extend the period for which a property may be exempted as low-income housing from three to five years.

Property held by a charitable organization on which housing is built or repaired primarily with volunteer labor to sell without profit to qualified low income families or individuals is currently exempt for up to three years. The value, length of time exempted, and likely holding period for such property is unknown. Although extending the exemption period to a maximum of five years would create a cost to local taxing units and the state through the operation of the school finance formulas, the fiscal impact cannot be determined.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2009.

**Local Government Impact**

Passage of the bill would extend the period for which a property may be exempted as low-income housing from three to five years. 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, MN, SD, SJS