

BILL ANALYSIS

C.S.H.B. 3133
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, Habitat for Humanity affiliates receive a property tax exemption on land they have acquired and are using to build affordable housing for low-income individuals and families. The exemption for each property is valid for five years, after which period the property is placed back on a taxing unit's tax roll. If the property is sold to a qualified individual or family within the five-year period, the property is placed back on the tax roll at the time of the sale.

Some Habitat for Humanity affiliates have created community development housing organizations (CHDO) to take advantage of certain federal funds. Such organizations are eligible for a separate three-year property tax exemption created specifically for them. However, a recent transfer of previously tax-exempt property involving a CHDO resulted in the CHDO losing its CHDO exemption and owing back taxes on the property based on an appraisal district's interpretation of the applicable statutes.

C.S.H.B. 3133 seeks to clarify the issue of property tax exemptions when real property is transferred from one tax-exempt organization to another.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 3133 amends the Tax Code to prohibit property that received a property tax exemption on the basis of its ownership by an organization that constructs or rehabilitates property and uses the property to provide affordable, low-income housing and that was subsequently transferred by that organization to a charitable organization that owns property for the purpose of building or repairing housing with volunteer labor to sell to an individual or family meeting the organization's income eligibility requirements from being exempted under an exemption for the latter organization after the fifth anniversary of the date that the transferring organization acquired the property.

C.S.H.B. 3133 establishes that property transferred from the former organization to the latter organization is a proper use of and purpose for owning the property under the property tax exemption for the former organization and does not affect the eligibility of the property for such an exemption.

C.S.H.B. 3133 requires the chief appraiser, in appraising real property that was previously owned by a charitable organization that owns property for the purpose of building or repairing housing with volunteer labor to sell to an income-eligible individual or family and that was sold to a low-income individual or family meeting the organization's income eligibility standards under regulations or restrictions limiting the amount that the individual or family was required to pay for the property, to take into account the extent to which that use and limitation and any

resale restrictions or conditions applicable to the property established by the organization reduce the property's market value.

C.S.H.B. 3133 makes the changes in law regarding the tax exemptions for property that has been transferred to or by a tax-exempt organization applicable to the taxation of real property beginning with the 2011 tax year.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 3133 omits a provision included in the original exempting agricultural land that has been appraised as qualified open-space land and that is transferred to a charitable organization that owns property for the purpose of building or repairing housing with volunteer labor to sell to an income-eligible individual or family from the additional tax imposed on agricultural land whose use has changed.

C.S.H.B. 3133 omits a saving provision included in the original applicable to the omitted provision regarding the exemption for agricultural land transferred to such a charitable organization.