

BILL ANALYSIS

H.B. 3704
By: Brown
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

A community housing development organization with the purpose of providing affordable housing and services to low- and medium-income families and individuals currently qualifies for an exemption from property taxes under the Tax Code and for an exemption from federal income tax under the federal Internal Revenue Code under certain conditions. According to interested parties, however, there is confusion regarding whether office property owned by such an organization for its use or leased to a political subdivision is exempt from property taxes, particularly when a political subdivision lessee has different public purposes than that of the organization.

H.B. 3704 seeks to resolve this confusion with regard to an exemption from property taxes on office property owned by a community housing development organization or leased to a political subdivision of the state.

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

H.B. 3704 amends the Tax Code to entitle a community housing development organization entitled to an exemption from property taxes under provisions of law relating to exemptions for organizations constructing or rehabilitating low-income housing to an additional tax exemption for the buildings and other real and tangible personal property that are owned by the organization and are used exclusively by the organization in the administration of its acquisition, building, repair, sale, or rental of property or by political subdivisions of the state that are eligible for an exemption from property taxes under the Property Tax Code and that are exempt from federal income taxes or have their revenue exempted from federal income taxes under the federal Internal Revenue Code. The bill establishes that use of property exempt by reason of the bill's provisions by persons not qualifying under the bill's provisions does not result in the loss of the exemption if such use is incidental to or furthers the exempt purposes of the property owner or an organization or political subdivision qualified under the bill's provisions.

EFFECTIVE DATE

September 1, 2011.