

By: Garza

H.B. No. 2000

A BILL TO BE ENTITLED

AN ACT

relating to taxation of property owned or controlled by a public facility corporation.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 303.042, Local Government Code, is amended by amending Subsections (c) and (d) and adding Subsections (c-1), (c-2), (f), and (g) to read as follows:

(c) A corporation is engaged exclusively in the performance of charitable functions and the corporation and property owned by the corporation are ~~is~~ exempt from taxation by this state or a municipality or other political subdivision of this state. Bonds issued by a corporation under this chapter, a transfer of the bonds, interest on the bonds, and a profit from the sale or exchange of the bonds are exempt from taxation by this state or a municipality or other political subdivision of this state.

(c-1) The legal owner of property that is not a corporation created under this chapter is exempt from property taxation with respect to that property if:

(1) the corporation owns 100 percent of the legal owner of the property; or

(2) the legal owner of the property is exclusively controlled by the corporation and:

(A) is organized under the laws of this state;

(B) has its principal place of business in this

1 state; and

2 (C) has equitable title to the property.

3 (c-2) Property described by Subsection (c) is exempt from
4 taxation under that subsection if the property is owned by a tax
5 credit partnership or limited liability company and the general
6 partner or member, as applicable, is or is controlled by a public
7 facility corporation holding equitable title to the property under
8 an option to acquire the property on terms negotiated between the
9 parties to the option agreement.

10 (d) An exemption under this section for a multifamily
11 residential development which is owned by a public facility
12 corporation created by a housing authority under this chapter and
13 which does not have at least 20 percent of its units reserved for
14 public housing units, applies only if:

15 (1) the housing authority holds a public hearing, at a
16 regular meeting of the authority's governing body, to approve the
17 development; and

18 (2) at least 50 percent of the units in the multifamily
19 residential development are reserved for occupancy by individuals
20 and families earning less than 60 [~~80~~] percent of the area median
21 family income.

22 (f) For purposes of this section, the following are
23 considered to own property:

24 (1) persons with legal title to property; and

25 (2) persons with equitable title to property,
26 established by the present right to compel the conveyance of legal
27 title to the property in accordance with the law of this state,

1 including by having an option to acquire the property.

2 (g) For purposes of this section, a person is considered to
3 control another if the person has the power to manage, direct,
4 superintend, restrict, regulate, govern, administer, or oversee
5 the other person. A corporation is considered to control a limited
6 partnership only if the corporation directly or through a wholly
7 owned subsidiary controls 100 percent of the general partner
8 interest. A corporation is considered to control a limited
9 liability company only if the corporation is the sole manager or
10 managing member of the company.

11 SECTION 2. This Act takes effect January 1, 2012.