1-1 By: Rodriguez (Senate Sponsor - Hinojosa)   H.B. No. 3133
1-2   (In the Senate - Received from the House May 11, 2011;
1-3 May 11, 2011, read first time and referred to Committee on
1-4 Intergovernmental Relations; May 21, 2011, reported adversely,
1-5 with favorable Committee Substitute by the following vote: Yeas 3,
1-6 Nays 0; May 21, 2011, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR H.B. No. 3133   By: Gallegos

1-8   A BILL TO BE ENTITLED
1-9   AN ACT

1-10 relating to the appraisal for ad valorem tax purposes of property on
1-11 which housing is being or has been built or repaired for sale or
1-12 rent to a low-income individual or family.
1-13   BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
1-14   SECTION 1. Section 11.181(b), Tax Code, is amended to read
1-15 as follows:
1-16   (b) Property may not be exempted under Subsection (a) after
1-17 the fifth anniversary of the date the organization acquires the
1-18 property. Property that received an exemption under Section
1-19 11.1825 and that was subsequently transferred by the organization
1-20 described by that section that qualified for the exemption to an
1-21 organization described by this section may not be exempted under
1-22 Subsection (a) after the fifth anniversary of the date the
1-23 transferring organization acquired the property.
1-24   SECTION 2. Section 11.1825, Tax Code, is amended by
1-25 amending Subsections (f) and (q) and adding Subsection (p-1) to
1-26 read as follows:
1-27   (f) For property to be exempt under this section, the
1-28 organization must own the property for the purpose of constructing
1-29 or rehabilitating a housing project on the property and:
1-30   (1) renting the housing, regardless of whether the
1-31 housing project consists of multifamily or single-family
1-32 dwellings, to individuals or families whose median income is not
1-33 more than 60 percent of the greater of:
1-34   (A) the area median family income for the
1-35 household's place of residence, as adjusted for family size and as
1-36 established by the United States Department of Housing and Urban
1-37 Development; or
1-38   (B) the statewide area median family income, as
1-39 adjusted for family size and as established by the United States
1-40 Department of Housing and Urban Development; or
1-41   (2) selling single-family dwellings to individuals or
1-42 families whose median income is not more than the greater of:
1-43   (A) the area median family income for the
1-44 household's place of residence, as adjusted for family size and as
1-45 established by the United States Department of Housing and Urban
1-46 Development; or
1-47   (B) the statewide area median family income, as
1-48 adjusted for family size and as established by the United States
1-49 Department of Housing and Urban Development.
1-50   (p-1) Notwithstanding the other provisions of this section,
1-51 the transfer of property from an organization described by this
1-52 section to a nonprofit organization that claims an exemption for
1-53 the property under Section 11.181(a) is a proper use of and purpose
1-54 for owning the property under this section and does not affect the
1-55 eligibility of the property for an exemption under this section.
1-56   (q) If property qualifies for an exemption under this
1-57 section, the chief appraiser shall use the income method of
1-58 appraisal as described [provided] by Section 23.012 to determine
1-59 the appraised value of the property. The chief appraiser shall use
1-60 that method regardless of whether the chief appraiser considers
1-61 that method to be the most appropriate method of appraising the
1-62 property. In appraising the property, the chief appraiser shall:
1-63   (1) consider the restrictions provided by this section

2-1 on the income of the individuals or families to whom the dwelling
2-2 units of the housing project may be rented and the amount of rent
2-3 that may be charged for purposes of computing the actual rental
2-4 income from the property or projecting future rental income; and
2-5 (2) use the same capitalization rate that the chief
2-6 appraiser uses to appraise other rent-restricted properties.
2-7 SECTION 3. Section 23.21, Tax Code, is amended by adding
2-8 Subsection (c) to read as follows:
2-9 (c) In appraising real property that was previously owned by
2-10 an organization that received an exemption for the property under
2-11 Section 11.181(a) and that was sold to a low-income individual or
2-12 family meeting income eligibility standards established by the
2-13 organization under regulations or restrictions limiting to a
2-14 percentage of the individual's or the family's income the amount
2-15 that the individual or family was required to pay for purchasing the
2-16 property, the chief appraiser shall take into account the extent to
2-17 which that use and limitation and any resale restrictions or
2-18 conditions applicable to the property established by the
2-19 organization reduce the market value of the property.
2-20 SECTION 4. (a) The changes in law made by this Act to
2-21 Sections 11.181 and 11.1825, Tax Code, apply to the taxation of real
2-22 property beginning with the 2011 tax year.
2-23 (b) The change in law made by this Act to Section 23.21, Tax
2-24 Code, applies only to an appraisal of real property on or after the
2-25 effective date of this Act. An appraisal of real property before the
2-26 effective date of this Act is governed by the law in effect
2-27 immediately before the effective date of this Act, and that law is
2-28 continued in effect for that purpose.
2-29 SECTION 5. This Act takes effect immediately if it receives
2-30 a vote of two-thirds of all the members elected to each house, as
2-31 provided by Section 39, Article III, Texas Constitution. If this
2-32 Act does not receive the vote necessary for immediate effect, this
2-33 Act takes effect September 1, 2011.

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