

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 10, 2011

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

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

IN RE: HB1576 by Garza (Relating to the monitoring of compliance with low-income and moderate-income housing ad valorem tax exemptions.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Section 11.1826 of the Tax Code to provide that an opinion in an independent audit of an organization that receives a property tax exemption for low-income or moderate-income housing under Sections 11.182 or 11.1825 of this code is prima facie evidence of the facts stated in the opinion. Currently, organizations that receive either of these exemptions must have an independent audit that includes an opinion of whether the financial statements fairly present the organization's financial position, changes in net assets, and cash flows and whether the organization has complied with the terms and conditions of the exemption. The bill would provide that this independent auditor would have to be licensed by this state as a certified public accountant. In addition, a determination of tax-exempt status under Section 501(c), Internal Revenue Code of 1986, issued by the U.S. Internal Revenue Service, is prima facie evidence of the facts stated in the determination.

The bill could shift the burden of proof from property owners to the appraisal district in lawsuits involving compliance with requirements of property tax exemptions, and thus entitlement to the exemption, for low-income and moderate-income housing. These provisions would not change taxable values, tax rates, exemption amounts, or any other variable directly affecting property tax revenues. Consequently, these provisions have no fiscal impact on the state or units of local government.

The bill would take effect January 1, 2012.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KK, SD, SJS