

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 24, 2011

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

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

IN RE: HB3133 by Rodriguez, Eddie (Relating to the appraisal for ad valorem tax purposes of property on which housing is being or has been built or repaired for sale or rent to a low-income individual or family.), **As Passed 2nd House**

No significant fiscal implication to the State is anticipated.

The bill would amend the Tax Code to allow the continuation of a property tax exemption for low income housing under Section 11.1825 when the property is transferred to a nonprofit organization that claims an exemption for the property under Section 11.181(a). The bill would only allow the exemption of a transferred property under Section 11.181(a) for the first five years after it was acquired by the transferring organization.

The bill would add subsection (c) to Section 23.21 to require that a chief appraiser take into account the extent to which sales price restrictions, resale restrictions, or other restrictions would reduce the market value of the property.

The bill would amend Section 23.55 to create an exception for qualified agricultural property transferred to an organization improving property for low-income housing under Section 11.181(a) from the additional taxes and interest that would otherwise be imposed upon a change of use of the land. This provision would not apply to sanctions due to a county or school district unless the sanctions are officially waived by the governing body.

The bill's provisions related to the transfer of exempt property would apply beginning with the 2011 tax year.

The bill's provisions that would continue a low income housing exemption when the exempt property is transferred from an organization that acquired the exemption under Section 11.1825 of the Tax Code to an organization eligible for exemptions under Section 11.181 of the Tax Code could create a cost to units of local government and the state in some instances. No information is available on the amount or value of property that would be transferred under the bill's provisions. It is questionable whether any property would be transferred from a Section 11.1825 organization to a Section 11.181 organization under current law because of the risk of the property losing its exempt status. Consequently, the fiscal impact on units of local government and the state would not be significant.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2011.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KKR, KK, SD, SJS