

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

March 30, 2011

TO: Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

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

IN RE: SB402 by West (Relating to community land trusts.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill would add Chapter 373B to Subtitle A, Title 12, Local Government Code, to authorize the governing body of a municipality or county by ordinance or order to create or designate one or more community land trusts, including a housing finance corporation established under Chapter 394 or a land trust operated by a community housing development organization certified by the municipality or county, to operate in the municipality or county. Provisions of the bill stipulate the operations and procedures of the land trust.

The bill would amend the Tax Code to include that an exemption under Section 11.1827 of the new chapter, once allowed, would not need to be claimed in subsequent years and would apply to the property until it changes ownership or the person's qualifications for the exemption change. A community land trust would be entitled to an exemption if the trust met certain criteria and engages exclusively in the sale or lease of housing and related activities, including the development of low-income and moderate-income housing.

The bill would require the chief appraiser to take into account the extent to which the use and limitation of the property reduces the market value.

The provisions of the bill would apply only to an ad valorem tax imposed for a tax year beginning on or after the effective date of the bill, which would be January 1, 2012.

Local Government Impact

There could be a fiscal impact to a municipality or a county that created or designated community land trusts, but the amounts would vary depending on the number of property tax exemptions granted and the value of the optional exemptions. It is assumed that a municipality or a county would create or designate community land trusts only if sufficient funds were available or it would not result in a negative fiscal impact.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KKR, TP