

SENATE AMENDMENTS

2nd Printing

By: Rodriguez

H.B. No. 3133

A BILL TO BE ENTITLED

AN ACT

relating to the appraisal for ad valorem tax purposes of property on which housing is being or has been built or repaired for sale to a low-income individual or family.

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

SECTION 1. Section 11.181(b), Tax Code, is amended to read as follows:

(b) Property may not be exempted under Subsection (a) after the fifth anniversary of the date the organization acquires the property. Property that received an exemption under Section 11.1825 and that was subsequently transferred by the organization described by that section that qualified for the exemption to an organization described by this section may not be exempted under Subsection (a) after the fifth anniversary of the date the transferring organization acquired the property.

SECTION 2. Section 11.1825, Tax Code, is amended by adding Subsection (p-1) to read as follows:

(p-1) Notwithstanding the other provisions of this section, property transferred from an organization described by this section to a nonprofit organization that claims an exemption for the property under Section 11.181(a) is a proper use of and purpose for owning the property under this section and does not affect the eligibility of the property for an exemption under this section.

SECTION 3. Section 23.21, Tax Code, is amended by adding

1 Subsection (c) to read as follows:

2 (c) In appraising real property that was previously owned by
3 an organization that received an exemption for the property under
4 Section 11.181(a) and that was sold to a low-income individual or
5 family meeting income eligibility standards established by the
6 organization under regulations or restrictions limiting to a
7 percentage of the individual's or the family's income the amount
8 that the individual or family was required to pay for purchasing the
9 property, the chief appraiser shall take into account the extent to
10 which that use and limitation and any resale restrictions or
11 conditions applicable to the property established by the
12 organization reduce the market value of the property.

13 SECTION 4. (a) The changes in law made by this Act to
14 Sections 11.181 and 11.1825, Tax Code, apply to the taxation of real
15 property beginning with the 2011 tax year.

16 (b) The change in law made by this Act to Section 23.21, Tax
17 Code, applies only to an appraisal of real property on or after the
18 effective date of this Act. An appraisal of real property before the
19 effective date of this Act is governed by the law in effect
20 immediately before the effective date of this Act, and that law is
21 continued in effect for that purpose.

22 SECTION 5. This Act takes effect immediately if it receives
23 a vote of two-thirds of all the members elected to each house, as
24 provided by Section 39, Article III, Texas Constitution. If this
25 Act does not receive the vote necessary for immediate effect, this
26 Act takes effect September 1, 2011.

ADOPTED

MAY 24 2011

Letty Dew
Secretary of the Senate

By: J. J. Aring
Substitute the following for ~~the~~ No. 3133:
By: Mano Salgado

H.B. No. 3133

C.S. H.B. No. 3133

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the appraisal for ad valorem tax purposes of property on
3 which housing is being or has been built or repaired for sale or
4 rent to a low-income individual or family.

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

6 SECTION 1. Section 11.181(b), Tax Code, is amended to read
7 as follows:

8 (b) Property may not be exempted under Subsection (a) after
9 the fifth anniversary of the date the organization acquires the
10 property. Property that received an exemption under Section
11 11.1825 and that was subsequently transferred by the organization
12 described by that section that qualified for the exemption to an
13 organization described by this section may not be exempted under
14 Subsection (a) after the fifth anniversary of the date the
15 transferring organization acquired the property.

16 SECTION 2. Section 11.1825, Tax Code, is amended by
17 amending Subsections (f) and (q) and adding Subsection (p-1) to
18 read as follows:

19 (f) For property to be exempt under this section, the
20 organization must own the property for the purpose of constructing
21 or rehabilitating a housing project on the property and:

22 (1) renting the housing, regardless of whether the
23 housing project consists of multifamily or single-family
24 dwellings, to individuals or families whose median income is not

1 more than 60 percent of the greater of:

2 (A) the area median family income for the
3 household's place of residence, as adjusted for family size and as
4 established by the United States Department of Housing and Urban
5 Development; or

6 (B) the statewide area median family income, as
7 adjusted for family size and as established by the United States
8 Department of Housing and Urban Development; or

9 (2) selling single-family dwellings to individuals or
10 families whose median income is not more than the greater of:

11 (A) the area median family income for the
12 household's place of residence, as adjusted for family size and as
13 established by the United States Department of Housing and Urban
14 Development; or

15 (B) the statewide area median family income, as
16 adjusted for family size and as established by the United States
17 Department of Housing and Urban Development.

18 (p-1) Notwithstanding the other provisions of this section,
19 the transfer of property from an organization described by this
20 section to a nonprofit organization that claims an exemption for
21 the property under Section 11.181(a) is a proper use of and purpose
22 for owning the property under this section and does not affect the
23 eligibility of the property for an exemption under this section.

24 (q) If property qualifies for an exemption under this
25 section, the chief appraiser shall use the income method of
26 appraisal as described [~~provided~~] by Section 23.012 to determine
27 the appraised value of the property. The chief appraiser shall use

1 that method regardless of whether the chief appraiser considers
2 that method to be the most appropriate method of appraising the
3 property. In appraising the property, the chief appraiser shall:

4 (1) consider the restrictions provided by this section
5 on the income of the individuals or families to whom the dwelling
6 units of the housing project may be rented and the amount of rent
7 that may be charged for purposes of computing the actual rental
8 income from the property or projecting future rental income; and

9 (2) use the same capitalization rate that the chief
10 appraiser uses to appraise other rent-restricted properties.

11 SECTION 3. Section 23.21, Tax Code, is amended by adding
12 Subsection (c) to read as follows:

13 (c) In appraising real property that was previously owned by
14 an organization that received an exemption for the property under
15 Section 11.181(a) and that was sold to a low-income individual or
16 family meeting income eligibility standards established by the
17 organization under regulations or restrictions limiting to a
18 percentage of the individual's or the family's income the amount
19 that the individual or family was required to pay for purchasing the
20 property, the chief appraiser shall take into account the extent to
21 which that use and limitation and any resale restrictions or
22 conditions applicable to the property established by the
23 organization reduce the market value of the property.

24 SECTION 4. (a) The changes in law made by this Act to
25 Sections 11.181 and 11.1825, Tax Code, apply to the taxation of real
26 property beginning with the 2011 tax year.

27 (b) The change in law made by this Act to Section 23.21, Tax

1 Code, applies only to an appraisal of real property on or after the
2 effective date of this Act. An appraisal of real property before the
3 effective date of this Act is governed by the law in effect
4 immediately before the effective date of this Act, and that law is
5 continued in effect for that purpose.

6 SECTION 5. This Act takes effect immediately if it receives
7 a vote of two-thirds of all the members elected to each house, as
8 provided by Section 39, Article III, Texas Constitution. If this
9 Act does not receive the vote necessary for immediate effect, this
10 Act takes effect September 1, 2011.

ADOPTED

MAY 24 2011

Atty. Gen.
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY: *Rethia VandePutte*

1 Amend H.B. No. 3133 by adding the following appropriately
2 numbered SECTIONS to the bill and renumbering subsequent SECTIONS
3 of the bill accordingly:

4 SECTION _____. Section 23.55, Tax Code, is amended by adding
5 Subsection (p) to read as follows:

6 (p) The sanctions provided by Subsection (a) do not apply to
7 real property transferred to an organization described by Section
8 11.181(a) if the organization converts the real property to a use
9 for which the real property is eligible for an exemption under
10 Section 11.181(a). This subsection does not apply to the sanctions
11 provided by Subsection (a) in connection with a change in use
12 described by this subsection that are due to a county or school
13 district unless the governing body of the county or school
14 district, as applicable, waives the sanctions in the manner
15 required by law for official action by the body.

16 SECTION _____. Section 23.55(p), Tax Code, as added by this
17 Act, applies only to a transfer of real property that occurs on or
18 after the effective date of this Act. A transfer of real property
19 that occurs before the effective date of this Act is governed by the
20 law in effect immediately before the effective date of this Act, and
21 that law is continued in effect for that purpose.

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

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 21, 2011

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

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.), **Committee Report 2nd House, Substituted**

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'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

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 19, 2011

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

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 to a low-income individual or family.), **As Engrossed**

<p>No significant fiscal implication to the State is anticipated.</p>
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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'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

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 26, 2011

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

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 to a low-income individual or family.), **Committee Report 1st House, Substituted**

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.

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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, KK, SD, SJS

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: 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 to a low-income individual or family.), **As Introduced**

The bill's provisions that would continue certain low income housing exemptions, and that would create an exception for qualified agricultural land transferred to certain low-income housing organizations from the additional taxes and interest that would normally apply upon a change of use of the land, would create a cost to the State through the operation of the school funding formula.

The bill would amend the Tax Code to allow the continuation of an 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.

The bill's provisions that would continue certain low income housing exemptions, and that would create an exception for qualified agricultural land transferred to certain low-income housing organizations from the additional taxes and interest that would normally apply upon a change of use of the land, would create a cost to units of local government and the state. No information is available on the amount or value of property that would be transferred under the bill's provisions. Consequently, the fiscal impact on units of local government and the State cannot be estimated.

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

The bill's provisions that would continue certain low income housing exemptions, and that would create an exception for qualified agricultural land transferred to certain low-income housing organizations from the additional taxes and interest that would normally apply upon a change of use of the land, would create a revenue loss to units of local government.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KK, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY NOTE

82ND LEGISLATIVE REGULAR SESSION

April 26, 2011

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

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 to a low-income individual or family.), **Committee Report 1st House, Substituted**

Because the bill would not create or impact a state tax or fee, no comment from this office is required by the rules of the House as to the general effects of the proposal on the distribution of tax and fee burdens among individuals and businesses.

Source Agencies:

LBB Staff: JOB, KK

LEGISLATIVE BUDGET BOARD
Austin, Texas

TAX/FEE EQUITY 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: 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 to a low-income individual or family.), **As Introduced**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

Source Agencies:

LBB Staff: JOB, KK