

By: Alvarado

H.B. No. 2914

A BILL TO BE ENTITLED

AN ACT

relating to the exemption from ad valorem taxation of property owned by certain charitable organizations that provide affordable housing to low-income veterans and their dependents.

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

SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.1815 to read as follows:

Sec. 11.1815. CHARITABLE ORGANIZATIONS IMPROVING PROPERTY TO PROVIDE HOUSING FOR LOW-INCOME VETERANS. (a) An organization is entitled to an exemption from taxation of improved or unimproved real property it owns if the organization:

(1) meets the requirements of a charitable organization provided by Sections 11.18(e) and (f);

(2) owns the property for the purpose of constructing or rehabilitating housing, regardless of whether the housing consists of multifamily or single-family dwellings, on the property to lease without profit to a veteran of the armed services of the United States who satisfies the organization's low-income and other eligibility requirements; and

(3) engages exclusively in the construction, rehabilitation, and lease of housing as described by Subdivision (2) and related activities.

(b) Property may not receive an exemption under this section unless all of the dwelling units located on the property are

1 reserved for individuals or families described by Subsection  
2 (a)(2).

3 (c) Property may not be exempted under Subsection (a) after  
4 the 10th anniversary of the date the organization acquires the  
5 property. Property that received an exemption under Section  
6 11.1825 and that was subsequently transferred by the organization  
7 described by that section that qualified for the exemption to an  
8 organization described by this section may not be exempted under  
9 Subsection (a) after the 10th anniversary of the date the  
10 transferring organization acquired the property.

11 (d) An organization entitled to an exemption under  
12 Subsection (a) is also entitled to an exemption from taxation of any  
13 building or tangible personal property the organization owns and  
14 uses in the administration of its acquisition, construction,  
15 rehabilitation, or lease of property. To qualify for an exemption  
16 under this subsection, property must be used exclusively by the  
17 charitable organization, except that another individual or  
18 organization may use the property for activities incidental to the  
19 charitable organization's use that benefit the beneficiaries of the  
20 charitable organization.

21 (e) For the purposes of Subsection (f), the chief appraiser  
22 of the appraisal district in which the property subject to the  
23 exemption is located shall determine the market value of property  
24 exempted under Subsection (a) and shall record the market value in  
25 the appraisal records.

26 (f) If the organization that owns improved or unimproved  
27 real property that has been exempted under Subsection (a) leases

1 the property or any dwelling unit located on the property to a  
2 person other than an individual or family satisfying the  
3 organization's low-income or other eligibility requirements, a  
4 penalty is imposed on the property equal to the amount of the taxes  
5 that would have been imposed on the property in each tax year that  
6 the property was exempted from taxation under Subsection (a), plus  
7 interest at an annual rate of 12 percent calculated from the dates  
8 on which the taxes would have become due. A tax lien in favor of all  
9 taxing units for which the penalty is imposed attaches to the  
10 property to secure payment of the penalty and interest.

11 (g) The chief appraiser shall make an entry in the appraisal  
12 records for the property against which a penalty under Subsection  
13 (f) is imposed and shall deliver written notice of the imposition of  
14 the penalty and interest to the charitable organization.

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

17 (p-1) Notwithstanding the other provisions of this section,  
18 the transfer of property from an organization described by this  
19 section to a nonprofit organization that claims an exemption for  
20 the property under Section 11.181(a) or 11.1815(a) is a proper use  
21 of and purpose for owning the property under this section and does  
22 not affect the eligibility of the property for an exemption under  
23 this section.

24 SECTION 3. Sections 11.436(a) and (c), Tax Code, are  
25 amended to read as follows:

26 (a) An organization that acquires property that qualifies  
27 for an exemption under Section 11.181(a), 11.1815(a), or 11.1825

1 may apply for the exemption for the year of acquisition not later  
2 than the 30th day after the date the organization acquires the  
3 property, and the deadline provided by Section 11.43(d) does not  
4 apply to the application for that year.

5 (c) To facilitate the financing associated with the  
6 acquisition of a property, an organization, before acquiring the  
7 property, may request from the chief appraiser of the appraisal  
8 district established for the county in which the property is  
9 located a preliminary determination of whether the property would  
10 qualify for an exemption under Section 11.1815 or 11.1825 if  
11 acquired by the organization. The request must include the  
12 information that would be included in an application for an  
13 exemption for the property under Section 11.1815 or 11.1825. Not  
14 later than the 45th day after the date a request is submitted under  
15 this subsection, the chief appraiser shall issue a written  
16 preliminary determination for the property included in the request.  
17 A preliminary determination does not affect the granting of an  
18 exemption under Section 11.1815 or 11.1825.

19 SECTION 4. Section 26.111(a), Tax Code, is amended to read  
20 as follows:

21 (a) If an organization acquires taxable property that  
22 qualifies for and is granted an exemption under Section 11.181(a),  
23 11.1815(a), or 11.182(a) for the year in which the property was  
24 acquired, the amount of tax due on the property for that year is  
25 calculated by multiplying the amount of taxes imposed on the  
26 property for the entire year as provided by Section 26.09 by a  
27 fraction, the denominator of which is 365 and the numerator of which

1 is the number of days in that year before the date the charitable  
2 organization acquired the property.

3 SECTION 5. Section 34.01(o), Tax Code, is amended to read as  
4 follows:

5 (o) If a bid sufficient to pay the amount specified by  
6 Subsection (p) is not received, the officer making the sale, with  
7 the consent of the collector who applied for the tax warrant, may  
8 offer property seized under Subchapter E, Chapter 33, to a person  
9 described by Section 11.181, 11.1815, or 11.20 for less than that  
10 amount. If the property is offered to a person described by Section  
11 11.181, 11.1815, or 11.20, the officer making the sale shall reopen  
12 the bidding at the amount of that person's bid and bid off the  
13 property to the highest bidder. Consent to the sale by the taxing  
14 units entitled to receive proceeds of the sale is not required. The  
15 acceptance of a bid by the officer under this subsection is  
16 conclusive and binding on the question of its sufficiency. An  
17 action to set aside the sale on the grounds that a bid is  
18 insufficient may not be sustained, except that a taxing unit that  
19 participates in distribution of proceeds of the sale may file an  
20 action before the first anniversary of the date of the sale to set  
21 aside the sale on the grounds of fraud or collusion between the  
22 officer making the sale and the purchaser.

23 SECTION 6. This Act applies only to ad valorem taxes imposed  
24 for a tax year beginning on or after the effective date of this Act.

25 SECTION 7. This Act takes effect January 1, 2016.