

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 20, 2015

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3064 by Coleman (Relating to the treatment for ad valorem tax purposes of real property used for certain low-income or moderate-income housing in certain counties.),
As Introduced

Passage of the bill would specify that in counties with a population in excess of 4.1 million (Harris County) the amount of the property tax exemption for certain organizations constructing or rehabilitating low-income housing is 100 percent of the appraised value, if the property has been determined by the Texas Department of Housing and Community Affairs to be owned by a nonprofit entity that meets other specified requirements. The bill's requirement of an exemption of 100 percent of the appraised value of certain low-income housing in Harris County in taxing units that decide to grant the exemption would require Harris County taxing units to decide whether to grant, or not to grant, a 100 percent low-income housing exemption. If a Harris County taxing unit decides to grant the exemption it would have to be the full appraised value. If granted by a school district, taxable property values would be reduced and the related costs to the Foundation School Fund could be increased through the operation of the school finance formulas.

The bill would amend Chapter 11 of the Tax Code, regarding taxable property and exemptions, to specify that in counties with a population in excess of 4.1 million (Harris County) the amount of the property tax exemption for certain organizations constructing or rehabilitating low-income housing is 100 percent of the appraised value, if the property has been determined by the Texas Department of Housing and Community Affairs to be owned by a nonprofit entity that meets other specified requirements. Under current law the exemption is 50 percent of the property's appraised value unless otherwise provided by the governing body of a taxing unit any part of which is located in a county with a population of at least 1.8 million. Current law also permits taxing units in a county with a population of at least 1.8 million to determine whether or not any exemption of qualifying low-income housing property is granted (Section 11.1825(v) of the Tax Code).

The bill's requirement of an exemption of 100 percent of the appraised value of certain low-income housing in Harris County in taxing units that decide to grant the exemption would require Harris County taxing units to decide whether to grant, or not to grant, a 100 percent low-income housing exemption. If a Harris County taxing unit decides to grant the exemption it would have to be the full appraised value. Whether Harris County taxing units would grant the exemption under this provision of the bill is unknown; consequently, the fiscal impact cannot be estimated.

The bill does not specify an effective date; Section 39 in Article 3 of the Texas Constitution provides no law passed by the Legislature, except the general appropriation act, shall take effect or go into force until ninety days after the adjournment of the session at which it was enacted,

unless the Legislature provides other direction by a vote of two-thirds of all the members elected to each House.

Local Government Impact

Passage of the bill would specify that in counties with a population in excess of 4.1 million (Harris County) the amount of the property tax exemption for certain organizations constructing or rehabilitating low-income housing is 100 percent of the appraised value, if the property has been determined by the Texas Department of Housing and Community Affairs to be owned by a nonprofit entity that meets other specified requirements. The bill's requirement of an exemption of 100 percent of the appraised value of certain low-income housing in Harris County in taxing units that decide to grant the exemption would require Harris County taxing units to decide whether to grant, or not to grant, a 100 percent low-income housing exemption. If a Harris County taxing unit decides to grant the exemption it would have to be the full appraised value. If granted, taxable property values and the related ad valorem tax revenue for the taxing unit would be reduced.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS