

By: Dutton

H.B. No. 1548

A BILL TO BE ENTITLED

AN ACT

relating to the exemption from ad valorem taxation by a school district of certain property used to build low-income or moderate-income housing.

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

SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.1828 to read as follows:

Sec. 11.1828. LOW-INCOME AND MODERATE-INCOME HOUSING NEAR SCHOOL. (a) In this section:

(1) "Area median income" means the area median income as determined by the Texas Department of Housing and Community Affairs under Section 2306.123, Government Code.

(2) "Rural area" and "urban area" have the meanings assigned by Section 2306.004, Government Code.

(b) A person is entitled to an exemption from taxation by a school district of improved and unimproved real property, any part of which is located within a one-mile radius of the center of a campus of that school district that the person owns for the purpose of building:

(1) in an urban area:

(A) 25 or more new single-family dwellings to be sold or leased to individuals or families earning not more than 60 percent of the area median income; or

(B) a new multifamily housing project consisting

of 150 or more dwelling units to be rented to individuals or families earning not more than 60 percent of the area median income; or

(2) in a rural area:

(A) 10 or more new single-family dwellings to be sold or leased to individuals or families earning not more than 60 percent of the area median income; or

(B) a new multifamily housing project consisting of 60 or more dwelling units to be rented to individuals or families earning not more than 60 percent of the area median income.

(c) Property may not be exempted from taxation under this section after the third anniversary of the date the person acquires the property.

(d) The chief appraiser of the appraisal district in which property exempted from taxation under this section is located shall determine the market value of the property each tax year and shall record that value in the appraisal records for that tax year.

(e) If the person who owns property exempted from taxation under this section sells, leases, or rents any part of the property to an individual or family who does not satisfy the applicable eligibility requirements prescribed by Subsection (b)(1) or (2), a penalty is imposed on the property equal to the amount of the taxes that would have been imposed on the property in each tax year that the property was exempted from taxation, plus interest at an annual rate of seven percent calculated from the dates on which the taxes would have become due.

(f) If the penalty prescribed by Subsection (e) is imposed

1 on property because the property is sold to a person who does not
2 satisfy the applicable eligibility requirements of Subsection
3 (b)(1)(A) or (2)(A), the person who received the exemption under
4 this section for the property and the purchaser of the property are
5 jointly and severally liable for the penalty and interest. A tax
6 lien in favor of the school district for which the penalty is
7 imposed attaches to the property to secure payment of the penalty
8 and interest.

9 (g) The chief appraiser shall make an entry in the appraisal
10 records for the property against which a penalty is imposed under
11 Subsection (e) and shall deliver written notice of the imposition
12 of the penalty and interest to the persons who are jointly and
13 severally liable for that penalty and interest.

14 SECTION 2. Section 11.436(a), Tax Code, is amended to read
15 as follows:

16 (a) A person who ~~[An organization that]~~ acquires property
17 that qualifies for an exemption under Section 11.181(a), ~~[or]~~
18 11.1825, or 11.1828 may apply for the exemption for the year of
19 acquisition not later than the 30th day after the date the person
20 ~~[organization]~~ acquires the property, and the deadline provided by
21 Section 11.43(d) does not apply to the application for that year.

22 SECTION 3. The heading to Section 26.111, Tax Code, is
23 amended to read as follows:

24 Sec. 26.111. PRORATING TAXES--ACQUISITION BY PERSON FOR
25 LOW-INCOME AND MODERATE-INCOME HOUSING PROJECTS ~~[CHARITABLE~~
26 ~~ORGANIZATION]~~.

27 SECTION 4. Section 26.111(a), Tax Code, is amended to read

1 as follows:

2 (a) If a person [~~an organization~~] acquires taxable property
3 that qualifies for and is granted an exemption under Section
4 11.181(a), [~~or~~] 11.182(a), or 11.1828 for the year in which the
5 property was acquired, the amount of tax due on the property for
6 that year is calculated by multiplying the amount of taxes imposed
7 on the property for the entire year as provided by Section 26.09 by
8 a fraction, the denominator of which is 365 and the numerator of
9 which is the number of days in that year before the date the person
10 [~~charitable organization~~] acquired the property.

11 SECTION 5. This Act applies only to an ad valorem tax year
12 that begins on or after the effective date of this Act.

13 SECTION 6. This Act takes effect January 1, 2018, but only
14 if the constitutional amendment proposed by the 85th Legislature,
15 Regular Session, 2017, authorizing the legislature to exempt from
16 ad valorem taxation by one or more political subdivisions of this
17 state property located near a public school that is owned for the
18 purpose of building low-income or moderate-income housing is
19 approved by the voters. If that amendment is not approved by the
20 voters, this Act has no effect.