

## **BILL ANALYSIS**

H.B. 3844  
By: Smithee  
Ways & Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

It has been noted that certain charitable organizations that build and repair houses with volunteer labor and then sell the houses to low-income individuals and families are eligible for a limited exemption from property taxes for up to five years from the time the organization acquires the property. It has been suggested that part of the rationale for the exemption is to encourage charitable organizations to acquire property for housing, which ultimately benefits taxing entities by bringing new housing on to the tax rolls. However, there are concerns that the five-year limitation on the exemption can create timing challenges, particularly for complex projects in areas where significant planning and development may be required. Even in less populated areas, charitable organizations with fewer resources may face pressure to complete transactions within the five-year period to avoid tax liability. H.B. 3844 seeks to address this issue by providing for an extension of the number of years in which the property may be exempted from taxation.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

H.B. 3844 amends the Tax Code to extend from five to 10 the number of years during which certain property acquired by or transferred to a charitable organization for purposes of improving the property for low-income housing may be exempted from property taxation.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2019.