

By: Dutton

H.B. No. 1194

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 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 HOUSING NEAR SCHOOL OR WITHIN MUNICIPAL MANAGEMENT DISTRICT. (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) "Municipal management district" means a municipal management district created under:

(A) Chapter 375, Local Government Code; or

(B) a special law to accomplish the purposes of Sections 52 and 52-a, Article III, and Section 59, Article XVI, Texas Constitution.

(3) "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 or within a municipal management district that the person owns for the purpose of building:

1           (1) in an urban area:

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

5                   (B) a new multifamily housing project consisting  
6 of 150 or more dwelling units to be rented to individuals or  
7 families earning not more than 25 percent of the area median income;  
8 or

9           (2) in a rural area:

10                   (A) 10 or more new single-family dwellings to be  
11 sold or leased to individuals or families earning not more than 25  
12 percent of the area median income; or

13                   (B) a new multifamily housing project consisting  
14 of 60 or more dwelling units to be rented to individuals or families  
15 earning not more than 25 percent of the area median income.

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

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

23           (e) If the person who owns property exempted from taxation  
24 under this section sells, leases, or rents any part of the property  
25 to an individual or family who does not satisfy the applicable  
26 eligibility requirements prescribed by Subsection (b)(1) or (2), a  
27 penalty is imposed on the property equal to the amount of the taxes

1 that would have been imposed on the property in each tax year that  
2 the property was exempted from taxation, plus interest at an annual  
3 rate of seven percent calculated from the dates on which the taxes  
4 would have become due.

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

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

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

21 (a) A person who [~~An organization that~~] acquires property  
22 that qualifies for an exemption under Section 11.181(a), [~~or~~]  
23 11.1825, or 11.1828 may apply for the exemption for the year of  
24 acquisition not later than the 30th day after the date the person  
25 [~~organization~~] acquires the property, and the deadline provided by  
26 Section 11.43(d) does not apply to the application for that year.

27 SECTION 3. The heading to Section 26.111, Tax Code, is

1 amended to read as follows:

2           Sec. 26.111. PRORATING TAXES--ACQUISITION BY PERSON FOR  
3 LOW-INCOME HOUSING PROJECTS [~~CHARITABLE ORGANIZATION~~].

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

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

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

17           SECTION 6. This Act takes effect January 1, 2020, but only  
18 if the constitutional amendment proposed by the 86th Legislature,  
19 Regular Session, 2019, authorizing the legislature to exempt from  
20 ad valorem taxation by one or more political subdivisions of this  
21 state property located near a public school or within a municipal  
22 management district that is owned for the purpose of building  
23 low-income housing is approved by the voters. If that amendment is  
24 not approved by the voters, this Act has no effect.