

# SENATE AMENDMENTS

2<sup>nd</sup> Printing

By: Walle, Campos, Morales Shaw

H.B. No. 1931

A BILL TO BE ENTITLED

AN ACT

relating to requirements for beneficial tax treatment related to a leasehold or other possessory interest in a public facility used to provide multifamily housing.

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

SECTION 1. Section 303.042(f), Local Government Code, is amended to read as follows:

(f) Notwithstanding Subsections (a) and (b), during the period of time that a corporation owns a particular public facility, a leasehold or other possessory interest in the real property of the public facility granted by the corporation shall be treated in the same manner as a leasehold or other possessory interest in real property granted by an authority under Section 379B.011(b) if the requirements under Section 303.0425 are met.

SECTION 2. Subchapter B, Chapter 303, Local Government Code, is amended by adding Section 303.0425 to read as follows:

Sec. 303.0425. REQUIREMENTS FOR BENEFICIAL TAX TREATMENT RELATING TO CERTAIN PUBLIC FACILITIES. (a) In this section:

(1) "Developer" means a private entity that constructs or rehabilitates a development.

(2) "Housing choice voucher program" means the housing choice voucher program under Section 8, United States Housing Act of 1937 (42 U.S.C. Section 1437f).

(3) "Housing development" means a development

1 constructed or rehabilitated to provide multifamily housing.

2 (4) "Lower income housing unit" means a residential  
3 unit reserved for occupancy by an individual or family earning not  
4 more than 60 percent of the area median income, adjusted for family  
5 size.

6 (5) "Public facility user" means a developer or other  
7 private entity that has a leasehold or other possessory interest in  
8 a public facility used to provide multifamily housing.

9 (b) Section 303.042(f) applies to a leasehold or other  
10 possessory interest in a public facility only if the public  
11 facility user meets the requirements of this section. The  
12 requirements prescribed by this section apply only to the  
13 application of taxes related to a leasehold or other possessory  
14 interest in a public facility under Section 303.042(f) and do not  
15 restrict the authority of a corporation to lease a public facility  
16 to a private entity under terms other than the terms described by  
17 this section.

18 (c) A public facility user may not:

19 (1) refuse to rent a residential unit in a housing  
20 development to an individual or family because the individual or  
21 family participates in the housing choice voucher program; or

22 (2) use a financial or minimum income standard that  
23 requires an individual or family participating in the housing  
24 choice voucher program to have a monthly income of more than 250  
25 percent of the individual's or family's share of the total monthly  
26 rent payable for a residential unit.

27 (d) A public facility user must reserve at least 10 percent

1 of the residential units in a housing development for individuals  
2 or families participating in the housing choice voucher program.

3 (e) At least 10 percent of the units in the development must  
4 be reserved as lower income housing units. A unit may not be used to  
5 satisfy the reservation required under this subsection if every  
6 tenant in the unit is:

7 (1) a part-time or full-time student at an institution  
8 of higher education;

9 (2) under the age of 24; and

10 (3) ineligible for housing assistance under Section 8,  
11 United States Housing Act of 1937 (42 U.S.C. Section 1437f).

12 (f) The percentage of lower income housing development,  
13 reserved in each category of units in the housing development,  
14 based on the number of bedrooms and bathrooms per unit, must be the  
15 same as the percentage of lower income housing units reserved in the  
16 housing development as a whole.

17 (g) The monthly rent charged for a lower income housing unit  
18 may not exceed:

19 (1) 30 percent of 60 percent of the area median income,  
20 adjusted for family size; or

21 (2) if the unit is occupied by a participant in the  
22 housing choice voucher program, the payment standard used by the  
23 housing authority that administers the voucher for the unit.

24 (h) In calculating the income of an individual or family for  
25 a lower income housing unit, the public facility user must consider  
26 the income of every individual who will be living in the unit.

27 SECTION 3. Section 303.0425, Local Government Code, as

H.B. No. 1931

1 added by this Act, applies only to a leasehold or other possessory  
2 interest in a public facility granted by a public facility  
3 corporation to a public facility user, as defined by that section,  
4 on or after the effective date of this Act.

5 SECTION 4. This Act takes effect September 1, 2021.

# ADOPTED

MAY 25 2021

*Lately Spaw*  
Secretary of the Senate

By: Walle / Bettencourt

H.B. No. 1931

Substitute the following for H.B. No. 1931 :

By: Paul Bettencourt

C.S. H.B. No. 1931

## A BILL TO BE ENTITLED

1

### AN ACT

2 relating to certain public facilities used to provide affordable  
3 housing.

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

5 SECTION 1. Section 303.021, Local Government Code, is  
6 amended by adding Subsection (c) to read as follows:

7 (c) A corporation or a sponsor may finance, own, or operate  
8 a multifamily residential development in the jurisdictional  
9 boundaries of the sponsor if the corporation or sponsor complies  
10 with all applicable provisions of this chapter.

11 SECTION 2. Section 303.042, Local Government Code, is  
12 amended by amending Subsections (d) and (f) and adding Subsections  
13 (d-1) and (d-2) to read as follows:

14 (d) This subsection applies only to a multifamily  
15 residential development that is owned by a corporation created  
16 under this chapter by a housing authority and that does not have at  
17 least 20 percent of its units reserved for public housing units,  
18 participate in the Rental Assistance Demonstration program  
19 administered by the United States Department of Housing and Urban  
20 Development, or receive financial assistance administered under  
21 Chapter 1372, Government Code, or Subchapter DD, Chapter 2306,  
22 Government Code. Notwithstanding Subsections (a) and (b), an [Am]  
23 exemption under this section for a multifamily residential  
24 development [which is owned by a public facility corporation

1 ~~created by a housing authority under this chapter and which does not~~  
2 ~~have at least 20 percent of its units reserved for public housing~~  
3 ~~units,~~] applies only if:

4 (1) the housing authority:

5 (A) provides notice of the development to the  
6 governing body of each municipality or county for which the  
7 authority was created; and

8 (B) holds a public hearing, at a [regular]  
9 meeting of the authority's governing body, to approve the  
10 development; [and]

11 (2) at least 50 percent of the units in the multifamily  
12 residential development are reserved for occupancy by individuals  
13 and families earning less than 80 percent of the area median  
14 ~~[family]~~ income;

15 (3) the requirements under Sections 303.0425 and  
16 303.0426 are met; and

17 (4) for an occupied multifamily residential  
18 development that is acquired by a corporation:

19 (A) the governing body of each municipality or  
20 county for which the authority was created approves a resolution of  
21 "no objection" for the development; and

22 (B) a sum of not less than 50 percent of the total  
23 gross cost of the existing project in its entirety is expended on  
24 rehabilitating, renovating, reconstructing, or repairing the  
25 project.

26 (d-1) This subsection applies only to a multifamily  
27 residential development that is owned by a corporation created

1 under this chapter by a sponsor other than a housing authority and  
2 that does not have at least 20 percent of its units reserved for  
3 public housing units, participate in the Rental Assistance  
4 Demonstration program administered by the United States Department  
5 of Housing and Urban Development, or receive financial assistance  
6 administered under Chapter 1372, Government Code, or Subchapter DD,  
7 Chapter 2306, Government Code. Notwithstanding Subsections (a) and  
8 (b), an exemption under this section for a multifamily residential  
9 development applies only if:

10           (1) at least 50 percent of the units in the multifamily  
11 residential development are reserved for occupancy by individuals  
12 and families earning less than 80 percent of the area median income;

13           (2) before constructing or acquiring the development,  
14 the corporation provides notice of the construction or acquisition  
15 to the governing body of each sponsor for which the corporation was  
16 created unless at least one elected member of the governing body of  
17 the sponsor serves on the board of directors of the corporation; and

18           (3) the requirements under Section 303.0426 are met.

19           (d-2) This subsection applies to a multifamily residential  
20 development that is owned by a corporation created by any sponsor  
21 under this chapter. Notwithstanding Subsections (a), (b), (d), and  
22 (d-1), an exemption under this section for an occupied multifamily  
23 residential development that is acquired by the corporation applies  
24 only if the development comes into compliance with the requirements  
25 of Subsection (d) or (d-1), as applicable, not later than the first  
26 anniversary of the date of the acquisition.

27           (f) Notwithstanding Subsections (a) and (b), during

1 the period [~~of time~~] that a corporation owns a particular public  
2 facility that provides multifamily housing:

3           (1) [7] a leasehold or other possessory interest in  
4 the real property of the public facility granted by the corporation  
5 shall be treated in the same manner as a leasehold or other  
6 possessory interest in real property granted by an authority under  
7 Section 379B.011(b); and

8           (2) the materials used by a person granted a  
9 possessory interest described by Subdivision (1) to improve the  
10 real property of the public facility shall be exempt from all sales  
11 and use taxes because the materials are for the benefit of the  
12 corporation.

13           SECTION 3. Subchapter B, Chapter 303, Local Government  
14 Code, is amended by adding Sections 303.0425 and 303.0426 to read as  
15 follows:

16           Sec. 303.0425. ADDITIONAL REQUIREMENTS FOR BENEFICIAL TAX  
17 TREATMENT RELATING TO CERTAIN PUBLIC FACILITIES OWNED BY  
18 CORPORATIONS CREATED BY HOUSING AUTHORITIES. (a) In this section:

19           (1) "Developer" means a private entity that constructs  
20 a development.

21           (2) "Housing choice voucher program" means the housing  
22 choice voucher program under Section 8, United States Housing Act  
23 of 1937 (42 U.S.C. Section 1437f).

24           (3) "Lower income housing unit" means a residential  
25 unit reserved for occupancy by an individual or family earning not  
26 more than 60 percent of the area median income, adjusted for family  
27 size.



1           (4) "Public facility user" means a public-private  
2 partnership entity or a developer or other private entity that has  
3 an ownership interest or a leasehold or other possessory interest  
4 in a public facility used to provide multifamily housing.

5           (b) The requirements prescribed by this section do not apply  
6 to a multifamily residential development that is:

7           (1) owned by a corporation that was not created by a  
8 housing authority; or

9           (2) owned by a corporation created by a housing  
10 authority and:

11           (A) in which at least 20 percent of the units are  
12 reserved for public housing units;

13           (B) that participates in the Rental Assistance  
14 Demonstration program administered by the United States Department  
15 of Housing and Urban Development; or

16           (C) that receives financial assistance  
17 administered under Chapter 1372, Government Code, or Subchapter DD,  
18 Chapter 2306, Government Code.

19           (c) A corporation must use an open, transparent, and  
20 competitive process for selecting a developer for the purpose of  
21 constructing a housing development.

22           (d) At least 10 percent of the units in the development must  
23 be reserved as lower income housing units. A unit may not be used to  
24 satisfy the reservation required under this subsection if every  
25 tenant in the unit is:

26           (1) a part-time or full-time student at an institution  
27 of higher education;

1           (2) under the age of 24; and

2           (3) ineligible for housing assistance under Section 8,  
3 United States Housing Act of 1937 (42 U.S.C. Section 1437f).

4           (e) The percentage of lower income housing units reserved in  
5 each category of units in the housing development, based on the  
6 number of bedrooms and bathrooms per unit, must be the same as the  
7 percentage of lower income housing units reserved in the housing  
8 development as a whole.

9           (f) The monthly rent charged for a lower income housing unit  
10 may not exceed:

11           (1) 30 percent of 60 percent of the area median income,  
12 adjusted for family size; or

13           (2) if the unit is occupied by a participant in the  
14 housing choice voucher program, the payment standard used by the  
15 housing authority that administers the voucher for the unit.

16           (g) In calculating the income of an individual or family for  
17 a lower income housing unit, the public facility user must consider  
18 the income of every individual who will be living in the unit.

19           Sec. 303.0426. ADDITIONAL REQUIREMENTS FOR BENEFICIAL TAX  
20 TREATMENT RELATING TO CERTAIN PUBLIC FACILITIES OWNED BY  
21 CORPORATIONS CREATED BY ANY SPONSOR. (a) In this section, "housing  
22 choice voucher program," "lower income housing unit," and "public  
23 facility user" have the meanings assigned by Section 303.0425.

24           (b) The requirements prescribed by this section do not apply  
25 to a multifamily residential development owned by a corporation:

26           (1) in which at least 20 percent of the units are  
27 reserved for public housing units;

1           (2) that participates in the Rental Assistance  
2 Demonstration program administered by the United States Department  
3 of Housing and Urban Development; or

4           (3) that receives financial assistance administered  
5 under Chapter 1372, Government Code, or Subchapter DD, Chapter  
6 2306, Government Code.

7           (c) A public facility user may not:

8           (1) refuse to rent a residential unit to an individual  
9 or family because the individual or family participates in the  
10 housing choice voucher program; or

11           (2) use a financial or minimum income standard that  
12 requires an individual or family participating in the housing  
13 choice voucher program to have a monthly income of more than 250  
14 percent of the individual's or family's share of the total monthly  
15 rent payable for a unit.

16           (d) A corporation that owns or leases to a public facility  
17 user a public facility used as a multifamily residential  
18 development shall publish on its Internet website information about  
19 the development's:

20           (1) compliance with the requirements of this section;  
21 and

22           (2) policies regarding tenant participation in the  
23 housing choice voucher program.

24           (e) A public facility user shall:

25           (1) affirmatively market available residential units  
26 directly to individuals and families participating in the housing  
27 choice voucher program; and

1           (2) notify local housing authorities of any available  
2 units in the development.

3           (f) Not later than April 1 of each year, a public facility  
4 user of a multifamily residential development must:

5           (1) submit to the chief appraiser of the appraisal  
6 district in which the development is located an audit report for a  
7 compliance audit conducted by an independent auditor or compliance  
8 expert to determine whether the public facility user is in  
9 compliance with the requirements of this section; and

10           (2) submit to the comptroller a report that includes,  
11 for each housing development:

12                   (A) the name of the development;

13                   (B) the street address and municipality or county  
14 in which the development is located;

15                   (C) the name of the developer;

16                   (D) the total number of residential units,  
17 reported by bedroom size;

18                   (E) the total number of lower income housing  
19 units, reported by bedroom size, level of income restriction, and  
20 rent;

21                   (F) the total number of residential units,  
22 reported by bedroom size, level of income restriction, and rent,  
23 that are not lower income housing units but that are reserved for  
24 occupancy by an individual or family earning less than 80 percent of  
25 the area median income;

26                   (G) the number of residential units rented by  
27 individuals and families who participate in the housing choice

1 voucher program, reported by bedroom size;  
2 (H) the race, ethnicity, and age of all  
3 occupants, if available; and  
4 (I) if not previously submitted in a report to  
5 the comptroller, or if amended since the previous submission:  
6 (i) a copy of the ground lease; and  
7 (ii) a copy of the partnership agreement  
8 for the public facility.  
9 (g) The reports submitted under Subsection (f) are public  
10 information and subject to disclosure under Chapter 552, Government  
11 Code, except that information containing tenant names, unit  
12 numbers, or other identifying information may be redacted. The  
13 comptroller shall post a copy of the report received under  
14 Subsection (f)(2) on its Internet website.  
15 (h) Each lease agreement for a unit in a multifamily  
16 residential development subject to this section must provide that:  
17 (1) the landlord may not retaliate against the tenant  
18 or the tenant's guests by taking an action because the tenant  
19 established, attempted to establish, or participated in a tenant  
20 organization;  
21 (2) the landlord may only choose to not renew the lease  
22 if the tenant:  
23 (A) is in material noncompliance with the lease,  
24 including nonpayment of rent after the required cure period;  
25 (B) committed one or more substantial violations  
26 of the lease;  
27 (C) failed to provide required information on the

1 income, composition, or eligibility of the tenant's household; or  
2 (D) committed repeated minor violations of the  
3 lease that:  
4 (i) disrupt the livability of the property;  
5 (ii) adversely affect the health and safety  
6 of any person or the right to quiet enjoyment of the leased premises  
7 and related project facilities;  
8 (iii) interfere with the management of the  
9 project; or  
10 (iv) have an adverse financial effect on  
11 the project, including the repeated failure of the tenant to pay  
12 rent in a timely manner;  
13 (3) to not renew the lease, the landlord must serve a  
14 written notice of proposed nonrenewal on the tenant at least 30 days  
15 before the effective date of nonrenewal; and  
16 (4) any written notice of a proposed nonrenewal that  
17 is required to be provided under Subdivision (3) must specify the  
18 date of the proposed nonrenewal.  
19 (i) A tenant may not waive the protections provided by  
20 Subsection (h).  
21 (j) A public facility corporation must be given:  
22 (1) written notice of an instance of noncompliance  
23 with this section; and  
24 (2) 90 days after the day notice is received under  
25 Subdivision (1) to cure the matter that is the subject of the  
26 notice.  
27 (k) Notwithstanding any other law, an occupied multifamily

1 residential development that is acquired by a public facility  
2 corporation is eligible for an exemption under Section 303.042(d-2)  
3 for the one-year period following the date of the acquisition  
4 regardless of whether the development complies with the other  
5 requirements of that section or with this section, as applicable.

6 SECTION 4. Section 392.005(c), Local Government Code, is  
7 amended to read as follows:

8 (c) An exemption under this section for a multifamily  
9 residential development which is owned by [~~(i) a public facility~~  
10 ~~corporation created by a housing authority under Chapter 303, (ii)]~~  
11 a housing development corporation[~~7~~] or [~~(iii)~~] a similar entity  
12 created by a housing authority, other than a public facility  
13 corporation created by a housing authority under Chapter 303, and  
14 which does not have at least 20 percent of its units reserved for  
15 public housing units, applies only if:

16 (1) the authority holds a public hearing, at a regular  
17 meeting of the authority's governing body, to approve the  
18 development; and

19 (2) at least 50 percent of the units in the multifamily  
20 residential development are reserved for occupancy by individuals  
21 and families earning less than 80 percent of the area median family  
22 income.

23 SECTION 5. (a) Section 303.042(d), Local Government Code,  
24 as amended by this Act, applies only to a multifamily residential  
25 development that is approved by a housing authority on or after the  
26 effective date of this Act. A multifamily residential development  
27 that is approved by a housing authority before the effective date of

1 this Act is governed by the law in effect on the date the  
2 development was approved by the housing authority, and the former  
3 law is continued in effect for that purpose.

4 (b) Section 303.042(d-1), Local Government Code, as added  
5 by this Act, applies only to a multifamily residential development  
6 that is approved by a public facility corporation on or after the  
7 effective date of this Act. A multifamily residential development  
8 that is approved by a public facility corporation before the  
9 effective date of this Act is governed by the law in effect on the  
10 date the development was approved by the public facility  
11 corporation, and the former law is continued in effect for that  
12 purpose.

13 (c) Section 303.042(d-2), Local Government Code, as added  
14 by this Act, applies only to a multifamily residential development  
15 that is acquired by a public facility corporation on or after the  
16 effective date of this Act. A multifamily residential development  
17 that is acquired by a public facility corporation before the  
18 effective date of this Act is governed by the law in effect on the  
19 date the development was acquired by the public facility  
20 corporation, and the former law is continued in effect for that  
21 purpose.

22 SECTION 6. This Act takes effect September 1, 2021.



**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**May 27, 2021**

**TO:** Honorable Dade Phelan, Speaker of the House, House of Representatives

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB1931** by Walle (Relating to certain public facilities used to provide affordable housing.), **As Passed 2nd House**

**No significant fiscal implication to the State is anticipated.**

However, the bill could create an indeterminate revenue gain to the State through the school funding formula by limiting the amount of property that would qualify for future property tax exemptions.

The bill would amend Chapter 303 of the Local Government Code regarding public facility corporations. Among other provisions, the bill would authorize a corporation or sponsor to finance, own, and operate certain multifamily residential developments if certain requirements are met, exempt materials used by a person receiving the current property tax exemption for leaseholds or other possessory interest in a public facility to improve the real property of the public facility from all sales and use taxes, and add additional requirements for certain public facilities owned by corporations created by housing authorities in order to receive beneficial tax treatment and for certain public facilities owned by corporations created by any sponsor for the same purpose.

According to the Comptroller of Public Accounts (CPA), the provision that would exempt from sales and use taxes materials used for the improvement of the real property of a public facility corporation by a person with a possessory interest in the real property would not be expected to have significant fiscal implications, as public facility corporations may purchase the materials on a tax-exempt basis under current law and would be expected to do so if the developer making the improvement may not. Additionally, the CPA notes that the bill's provisions could limit the amount of property that would qualify for future property tax exemptions, creating a revenue gain to local taxing units and the State through the school funding formula. The number and value of properties to which this might apply is unknown and cannot be estimated by the CPA.

The CPA indicates it could absorb the costs associated with receiving reports from public facility users, redacting certain information from those reports, and posting the reports on the CPA's website.

**Local Government Impact**

The bill could create an indeterminate revenue gain to local taxing units by limiting the amount of property that would qualify for future property tax exemptions.

**Source Agencies:** 304 Comptroller of Public Accounts, 329 Real Estate Commission, 332 Dept Housing-Comm Affairs

**LBB Staff:** JMc, SD, AF, CMA, DPE

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**May 22, 2021**

**TO:** Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB1931** by Walle (Relating to certain public facilities use to provide affordable housing.),  
**Committee Report 2nd House, Substituted**

**No significant fiscal implication to the State is anticipated.**

However, the bill could create an indeterminate revenue gain to the State through the school funding formula by limiting the amount of property that would qualify for future property tax exemptions.

The bill would amend Chapter 303 of the Local Government Code regarding public facility corporations. Among other provisions, the bill would authorize a corporation or sponsor to finance, own, and operate certain multifamily residential developments if certain requirements are met, exempt materials used by a person receiving the current property tax exemption for leaseholds or other possessory interest in a public facility to improve the real property of the public facility from all sales and use taxes, and add additional requirements for certain public facilities owned by corporations created by housing authorities in order to receive beneficial tax treatment and for certain public facilities owned by corporations created by any sponsor for the same purpose.

According to the Comptroller of Public Accounts (CPA), the provision that would exempt from sales and use taxes materials used for the improvement of the real property of a public facility corporation by a person with a possessory interest in the real property would not be expected to have significant fiscal implications, as public facility corporations may purchase the materials on a tax-exempt basis under current law and would be expected to do so if the developer making the improvement may not. Additionally, the CPA notes that the bill's provisions could limit the amount of property that would qualify for future property tax exemptions, creating a revenue gain to local taxing units and the State through the school funding formula. The number and value of properties to which this might apply is unknown and cannot be estimated by the CPA.

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**Source Agencies:** 304 Comptroller of Public Accounts, 329 Real Estate Commission, 332 Dept Housing-Comm Affairs

**LBB Staff:** JMc, AF, CMA, DPE

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**May 20, 2021**

**TO:** Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB1931** by Walle (Relating to requirements for beneficial tax treatment related to a leasehold or other possessory interest in a public facility used to provide multifamily housing.), **As Engrossed**

**No significant fiscal implication to the State is anticipated.**

However, the bill could create an indeterminate revenue gain to the State through the school funding formula by limiting the amount of property that would qualify for future property tax exemptions.

The bill would amend Chapter 303 of the Local Government Code, regarding public facility corporations. The bill would specify that the current property tax exemption for leaseholds or other possessory interest in a public facility applies to a public facility used to provide multifamily housing only if the public facility user meets specified low-income housing requirements.

According to the Comptroller of Public Accounts (CPA), the bill's provisions could limit the amount of property that would qualify for future property tax exemptions, creating a revenue gain to local taxing units and the State through the school funding formula. The number and value of properties to which this might apply is unknown and cannot be estimated by the CPA.

**Local Government Impact**

The bill could create an indeterminate revenue gain to local taxing units by limiting the amount of property that would qualify for future property tax exemptions.

**Source Agencies:** 304 Comptroller of Public Accounts, 332 Dept Housing-Comm Affairs

**LBB Staff:** JMc, AF, CMA, DPE

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**April 6, 2021**

**TO:** Honorable Philip Cortez, Chair, House Committee on Urban Affairs

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB1931** by Walle (Relating to requirements for beneficial tax treatment related to a leasehold or other possessory interest in a public facility used to provide multifamily housing.), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

However, the bill could create an indeterminate revenue gain to the State through the school funding formula by limiting the amount of property that would qualify for future property tax exemptions.

The bill would amend Chapter 303 of the Local Government Code, regarding public facility corporations. The bill would specify that the current property tax exemption for leaseholds or other possessory interest in a public facility applies to a public facility used to provide multifamily housing only if the public facility user meets specified low-income housing requirements.

According to the Comptroller of Public Accounts (CPA), the bill's provisions could limit the amount of property that would qualify for future property tax exemptions, creating a revenue gain to local taxing units and the State through the school funding formula. The number and value of properties to which this might apply is unknown and cannot be estimated by the CPA.

**Local Government Impact**

The bill could create an indeterminate revenue gain to local taxing units by limiting the amount of property that would qualify for future property tax exemptions.

**Source Agencies:** 304 Comptroller of Public Accounts, 332 Dept Housing-Comm Affairs

**LBB Staff:** JMc, AF, CMA, DPE

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**March 23, 2021**

**TO:** Honorable Philip Cortez, Chair, House Committee on Urban Affairs

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB1931** by Walle (Relating to requirements for beneficial tax treatment related to a leasehold or other possessory interest in a public facility used to provide multifamily housing.), **As Introduced**

**No significant fiscal implication to the State is anticipated.**

However, the bill could create an indeterminate revenue gain to the State through the school funding formula by limiting the amount of property that would qualify for future property tax exemptions.

The bill would amend Chapter 303 of the Local Government Code, regarding public facility corporations. The bill would specify that the current property tax exemption for leaseholds or other possessory interest in a public facility applies to a public facility used to provide multifamily housing only if the public facility user meets specified low-income housing occupancy requirements.

According to the Comptroller of Public Accounts (CPA), the bill's provisions could limit the amount of property that would qualify for future property tax exemptions, creating a revenue gain to local taxing units and the State through the school funding formula. The number and value of properties to which this might apply is unknown and cannot be estimated by the CPA.

**Local Government Impact**

The bill could create an indeterminate revenue gain to local taxing units by limiting the amount of property that would qualify for future property tax exemptions.

**Source Agencies:** 304 Comptroller of Public Accounts, 332 Dept Housing-Comm Affairs

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