

BILL ANALYSIS

H.B. 581
By: Raymond
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current statute includes an exemption from taxation of certain buildings, real property, and tangible personal property owned and used by qualifying charitable organizations. The exemption is extended to a number of well-deserving entities who provide valuable services for the people in their communities. A constituent group that provides housing to low-to-moderate income community members lost its exemption from property taxes. As a HUD-approved, homeownership counseling agency, the group relies on exemptions to provide affordable rental housing. Current law does not allow for HUD-approved housing counseling agencies or those who provide rental housing at below-market rates to low-to-moderate income households to be exempt from property taxes. H.B. 581 seeks to address this issue by extending the property tax exemption provided to certain charitable organizations to an organization providing housing counseling services without regard to the beneficiaries' ability to pay and providing rental housing to low-income and moderate-income households at below-market rates with respect to property located in a municipality with a population of 200,000 or more that is located in a county on the Texas-Mexico border with a population of less than 300,000.

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. 581 amends the Tax Code to include among the charitable functions that qualify an otherwise eligible charitable organization for a property tax exemption for certain property owned or used by the organization the following:

- providing services as a HUD-approved housing counseling agency, as defined by federal regulations, without regard to the beneficiaries' ability to pay; and
- providing rental housing to low-income and moderate-income households at below-market rates.

The exemption is limited to property that is used to provide rental housing in that manner and is located in a municipality with a population of 200,000 or more that is located in a county on the Texas-Mexico border with a population of less than 300,000. The bill applies only to a property tax year that begins on or after the bill's effective date.

EFFECTIVE DATE

January 1, 2024.