

BILL ANALYSIS

Senate Research Center
88R4439 TJB-D

H.B. 4645
By: Flores et al. (Zaffirini)
Local Government
5/19/2023
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 2021, the Texas Legislature passed H.B. 115 by Representative Eddie Rodriguez (D-Austin) to create a property tax exemption for specific nonprofits in Travis and Midland counties receiving donated land to develop permanent supportive housing for persons experiencing homelessness.

Accordingly, the Travis County Commissioners Court adopted a resolution in September, 2021, which designated approximately \$110 million to nonprofits to develop permanent supportive housing for these persons and families. One planned development resulting from the resolution is Burleson Village, a mixed tiny home and apartment community in Southeast Travis County. The costs of improving the community have been high, slowing the production of needed low-to-moderate-income housing.

H.B. 4645 would expand provisions created by H.B. 115 to grant low-to-moderate-income housing a ground lease tax exemption, reducing costs for constructing and rehabilitating these homes and expediting the construction process.

H.B. 4645 amends current law relating to the exemption from ad valorem taxation of certain property used to provide low-income or moderate-income housing.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 11.1825, Tax Code, by adding Subsection (a-1), as follows:

(a-1) Provides that an organization that leases land under a ground lease is entitled to an exemption from taxation of the improvements owned by the organization that the organization constructs or rehabilitates and uses to provide housing to individuals or families meeting the income eligibility requirements of Section 11.1825 (Organizations Constructing or Rehabilitating Low-Income Housing: Property Not Previously Exempt). Provides that an organization that leases land as described by this subsection is considered to be the owner of the land for purposes of the provisions of this section requiring that an organization own property for the purpose of constructing or rehabilitating a housing project on the property in order to receive an exemption for the property. Provides that a reference in this section to acquiring property includes leasing the property as described by this subsection. Provides that a reference in this section to an exemption from taxation or the appraisal of property means the improvements constructed or rehabilitated on the property if the property consists of land and improvements described by this subsection.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: January 1, 2024.