

## **BILL ANALYSIS**

H.B. 4645  
By: Flores  
Ways & Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The 87th Texas Legislature enacted H.B. 115, which revised the property tax exemption for certain property owned by a charitable organization and used in providing housing and related services to homeless individuals. As part of this legislation, eligibility was extended to organizations operating in the City of Austin. Through conversations with organizations creating and operating housing developments in House District 51, it has become clear that the state needs to do more to assist charitable organizations that are attempting to create affordable housing. Specifically, by allowing organizations operating through a ground lease with the owner of the property on which the housing will be developed to receive a tax credit, multiple charitable organizations can work collaboratively to maximize development of affordable housing in certain areas currently lacking the supply of affordable units needed to house individuals with low incomes while all receiving beneficial tax treatment for their work. H.B. 4645 seeks to expand the tax exemption available to certain charitable organizations developing affordable housing to include charitable organizations working in collaboration through a ground lease arrangement.

### **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. 4645 amends the Tax Code to expand the scope of provisions providing a property tax exemption for qualifying 501(c)(3) tax-exempt organizations that construct or rehabilitate low-income housing by entitling such an organization that leases land under a ground lease to an exemption from property taxation of the improvements owned by the organization that the organization constructs or rehabilitates and uses to provide housing to low-income individuals or families. The bill establishes the following:

- an organization that leases land is considered to be the owner of the land for purposes of the requirement that an organization own property for the purpose of constructing or rehabilitating a housing project on the property in order to receive the property tax exemption;
- a reference to acquiring property includes leasing the property as provided by the bill; and
- a reference 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 the bill.

These provisions apply only to a property tax year that begins on or after the bill's effective date.

**EFFECTIVE DATE**

January 1, 2024.