

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 2260
By: Cook
Local Government
5/7/2025
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Affordable housing projects across Texas receive various forms of tax benefits and financial assistance, including tax abatements from local governments. These projects primarily fall into three categories:

- 4 percent Housing Tax Credit developments
- 9 percent Housing Tax Credit developments
- Public Facility Corporation developments

Currently, there is no centralized system to track these active projects or measure their cumulative impact on local tax rolls. This lack of transparency makes it difficult for both the public and government entities to effectively monitor and plan these developments. S.B. 2260 addresses this gap by establishing a comprehensive reporting system and public database through the Texas Department of Housing and Community Affairs (TDHCA). This initiative will enhance transparency and provide valuable data for planning purposes at both state and local levels.

A committee substitute is anticipated in order to:

- Transition the reporting responsibility from political subdivisions to county appraisal districts, as these entities already process and track property tax exemptions.
- Expand the bill's coverage beyond Chapter 303 (Public Facility Corporations) tax exemptions to include properties receiving tax exemptions under Local Government Code Chapter 392.005 (Public Housing Authorities) and Chapter 394.905 (Housing Finance Corporations).
- Establish a clear data flow from appraisal districts to the Comptroller of Public Accounts and then to TDHCA, with tax exemption eligibility contingent on proper reporting. To create a more comprehensive and accurate database of tax-exempt multifamily properties while leveraging existing administrative infrastructure.
- Changing the reporting date from January 1 to October 1, to align with the beginning of the fiscal year.
- Changing the reporting date from March 1 to December 1, to align with the deadline for QAPs.

(Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 2260 amends current law relating to the disclosure and posting of certain information regarding multifamily residential developments that receive certain tax exemptions and the eligibility of those developments to receive those exemptions.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Department of Housing and Community Affairs in SECTION 1 (Section 2306.009, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter A, Chapter 2306, Government Code, by adding Section 2306.009, as follows:

Sec. 2306.009. REQUIRED DISCLOSURES BY CERTAIN DEVELOPMENTS RECEIVING CERTAIN TAX EXEMPTIONS; POSTING OF CERTAIN DEVELOPMENT INFORMATION. (a) Provides that the disclosure requirements under this section apply only to a multifamily residential development that receives a tax exemption in accordance with certain sections of the Local Government Code.

(b) Requires the Texas Department of Housing and Community Affairs (TDHCA) by rule to require each developer of a multifamily residential development to which this section applies to submit, not later than April 30 of each year by certified mail, to the appraisal district for the county in which the development is located an annual disclosure on a form prescribed by TDHCA.

(c) Requires that the disclosure required by Subsection (b) include certain information.

(d) Requires an appraisal district to provide notice to TDHCA of each developer of a development to which this section applies who does not submit the disclosure under Subsection (b) by the date required under that subsection.

(e) Requires an appraisal district to review each disclosure submitted to the district under Subsection (b) to verify the accuracy of the contents of the disclosure and, not later than September 1 of each year, submit to TDHCA the reviewed disclosures.

(f) Requires TDHCA, not later than the 60th day after the date it receives the disclosures under Subsection (e), to compile into data sets the information:

(1) from the disclosures submitted to TDHCA under Subsection (e); and

(2) described by Subsection (c) that is collected by TDHCA for developments that receive financial assistance administered under Chapter 1372 (Private Activity Bonds and Certain Other Bonds) or are allocated housing tax credits under Subchapter DD (Low Income Housing Tax Credit Program), Chapter 2306 (Texas Department of Housing and Community Affairs).

(g) Requires TDHCA to collaborate with the Texas Department of Information Resources (DIR) to post the data sets compiled by TDHCA under Subsection (f) on the Texas Open Data Portal established by DIR under Section 2054.070 (Central Repository for Publicly Accessible Electronic Data). Requires TDHCA to ensure the data sets posted on the portal do not include information that is confidential or protected from disclosure under federal or state law.

(h) Requires TDHCA, not later than December 1 of each year, to prepare and submit to the legislature a written report that includes a summary of the information contained in the data sets TDHCA compiles under Subsection (f). Requires TDHCA to ensure a report under this subsection does not disclose personal identifying information of a tenant residing in a development included in the report.

SECTION 2. Amends Section 303.0421, Local Government Code, by adding Subsection (b-1), as follows:

(b-1) Provides that, notwithstanding Section 303.0421 (Multifamily Residential Developments Owned by Public Facility Corporations) and Section 303.042(c) (relating to providing that, subject to certain provisions, a corporation is engaged exclusively in performance of charitable functions and is exempt from taxation by certain entities), an exemption under Section 303.042(c) for a multifamily residential development applies only if the development has timely submitted the disclosure required by Section 2306.009, Government Code, for the preceding tax year.

SECTION 3. Amends Section 392.005(c), Local Government Code, as follows:

(c) Provides that an exemption under Section 392.005 (Tax Exemption) for a multifamily residential development which is owned by a housing development corporation or a similar entity created by a housing authority, other than a public facility corporation created by a housing authority under Chapter 303 (Public Facility Corporations), and which does not have at least 20 percent of its residential units reserved for public housing units, applies only if certain criteria are met, including if the development has timely submitted the disclosure required by Section 2306.009, Government Code, for the preceding tax year.

SECTION 4. Amends Section 394.905, Local Government Code, as follows:

Sec. 394.905. EXEMPTION FROM TAXATION. (a) Creates this subsection from existing text and makes no further changes.

(b) Provides that, notwithstanding Subsection (a) (relating to providing that the housing finance corporation and its property and monies are exempt from certain fees and taxes), a multifamily residential development owned by a housing finance corporation is exempt from taxes imposed by this state or a political subdivision of this state only if the development has timely submitted the disclosure required by Section 2306.009, Government Code, for the preceding tax year.

SECTION 5. (a) Requires the developer of a multifamily residential development to which Section 2306.009, Government Code, as added by this Act, applies to submit the first disclosure required by Subsection (b) of that section not later than April 30, 2026.

(b) Provides that, notwithstanding Section 2306.009(h), Government Code, as added by this Act, TDHCA is not required to submit the first report under that subsection until December 1, 2026.

SECTION 6. Makes application of Sections 303.0421, 392.005, and 394.905, Local Government Code, as amended by this Act, prospective.

SECTION 7. Effective date: September 1, 2025.