

**SUBJECT:** Transfer of property among tax-exempt organizations

**COMMITTEE:** Ways and Means — committee substitute recommended

**VOTE:** 10 ayes — Hilderbran, Otto, Elkins, Gonzalez, Lyne, Martinez Fischer, Murphy, Ritter, Villarreal, Woolley

0 nays

1 absent — Christian

**WITNESSES:** For — Matt Hull, Habitat for Humanity of Texas; (*Registered, but did not testify*: Bee Moorhead, Texas Impact; Deena Perkins, Texas Association of Community Development Corporations; Jim Robinson, Texas Association of Appraisal Districts; Michael Willard, Austin Habitat for Humanity)

Against — Donald Lee, Texas Conference of Urban Counties

On — Tim Wooten, Texas Comptroller

**BACKGROUND:** Under Tax Code, section 11.181, certain charitable organizations that improve property for low-income housing are exempted from taxation of that property for up to five years. Tax Code, section 11.1825, provides a tax exemption for property of certain organizations that construct or rehabilitate low-income housing.

**DIGEST:** CSHB 3133 would amend Tax Code, sec. 11.181 to allow property that received a tax exemption under Tax Code, sec. 11.1825 and was transferred to an organization that qualified for the exemption under sec. 11.181 to be exempt from taxes under sec. 11.181 for up to five years.

The bill would amend Tax Code, sec. 11.1825 to add a provision that property transferred to an organization that claimed an exemption under sec. 11.181 would be a proper use of owning the property and would not affect the eligibility of the property for an exemption.

The bill would require an appraiser to take into account the extent to which the use and limitation, and any resale restrictions or conditions

established by the organization that received an exemption for the property, would reduce the market value of the property.

The bill would apply to the taxation of real property beginning with the 2011 tax year.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2011.

**SUPPORTERS  
SAY:**

CSHB 3133 would allow nonprofits acquiring and holding land under section 11.1825, commonly known as the Community Housing Development Organization (CHDO) tax exemption, to transfer the property to a related nonprofit without having to pay back taxes or fines for the period when the taxes were exempt under the CHDO exemption.

The cost to build the home and any restrictions and agreements between the organization and the homeowner should be considered in determining a home appraisal. Tax rates based on the appraisal are critical to maintaining affordable housing for homeowners and keeping them out of foreclosure.

**OPPONENTS  
SAY:**

No apparent opposition.

**NOTES:**

The committee substitute omitted a provision from the original that would have exempted agricultural land that had been transferred to a charitable organization from the additional tax imposed on agricultural land whose use had changed.

A related bill, HB 2746 by Martinez Fischer, which would exempt charitable organizations that built or repaired housing with volunteer labor from the penalties imposed for changing the use of land appraised for taxes for agriculture or open space, if the county waived the penalties, also is on today's General State Calendar.

