

## **BILL ANALYSIS**

Senate Research Center  
83R1984 DDT-F

S.B. 193  
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Intergovernmental Relations  
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### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Over the past decade, numerous court rulings have called into question the eligibility of community housing development organizations (CHDO) to receive a property tax exemption for property used to provide affordable housing. The issue was resolved with the Texas Supreme Court decision in *AHF-Arbors at Huntsville LLC, and AHF-Arbors at Huntsville II, LLC, v. Walker County Appraisal District*. While this decision brought clarity to whether a CHDO is eligible for an exemption, it referenced a statutory concern that needs to be addressed. Specifically, the Supreme Court referenced a statutory requirement that conditions the receipt of a tax exemption on the preparation of an audit, but goes on to recognize that existing statutory provisions do not require that this audit actually be filed with the appropriate entities.

S.B. 193 seeks to remedy this issue by clearly stating that in order to receive the tax exemption currently afforded in statute, a CHDO must both prepare and file an audit with the appraisal district and the Texas Department of Housing and Community Affairs. In addition, the bill grants appraisal districts the authority to extend the filing deadline for good cause if they so choose.

As proposed, S.B. 193 amends current law relating to the exemption from ad valorem taxation of certain property used to provide low-income and 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 11.182(g), Tax Code, to require an organization, to receive an exemption under Subsection (b) (relating to organizations that are entitled to an exemption from taxation of improved or unimproved real property it own) or (f) (relating to an organization entitled to an exemption from taxation of any building or tangible personal property used exclusively by the organization), to annually have an audit prepared by an independent auditor that includes a detailed report on the organization's sources and uses of funds and to deliver a copy of the audit to the Texas Department of Housing and Community Affairs (TDHCA) and to the chief appraiser of the appraisal district in which the property subject to the exemption is located, and to make nonsubstantive changes.

SECTION 2. Amends Sections 11.1826(b) and (c), Tax Code, as follows:

(b) Prohibits property from being exempted under Section 11.1825 (Organizations Constructing or Rehabilitating Low-Income Housing: Property Not Previously Exempt) for a tax year unless the organization owning or controlling the owner of the property has an audit prepared by an independent auditor covering the organization's most recent fiscal year that meets certain criteria and delivers a copy of the audit in accordance with Subsection (c). Makes nonsubstantive changes.

(c) Authorizes the chief appraiser to extend the deadline for delivering a copy of the audit for good cause shown.

SECTION 3. Effective date: January 1, 2014.