

SUBJECT: Compliance with low-income housing tax exemptions

COMMITTEE: Ways and Means —favorable, without amendment

VOTE: 9 ayes — Hilderbran, Otto, Christian, Elkins, Gonzalez, Lyne, Murphy, Villarreal, Woolley

0 nays

2 absent — Martinez Fischer, Ritter

WITNESSES: For — John Condit, American Agape Foundation, Inc; Eric Pullen; (*Registered, but did not testify:* David Mintz, Texas Apartment Association; Scott Norman, Texas Association of Builders; Luis Saenz, American Opportunity for Housing; Ricardo Morales; Hollis Rutledge Jr.)

Against — None

BACKGROUND: Under Tax Code, sections 11.182 and 11.1825, certain organizations are entitled to tax exemptions for properties owned for the purpose of providing affordable housing to low-income or moderate income individuals or families.

Tax Code, section 11.1826 requires that property may not be exempted from taxation unless the organization owning the property has an audit prepared by an independent auditor covering the organization's most recent fiscal year. For certain properties, an organization may deliver a detailed report and certification as an alternative to an audit.

DIGEST: HB 1576 would require that for an organization to satisfy the audit requirements to qualify for a tax exemption for property owned for the purpose of providing affordable housing, an opinion prepared by an auditor who was licensed by the state as a certified public accountant or a determination of tax-exempt status issued by the U.S. Internal Revenue Service would be prima facie evidence of the facts stated in the opinion or determination.

The bill would take effect January 1, 2012, and would apply only to taxes imposed for a tax year beginning on or after the effective date of the bill.

NOTES: The companion bill, SB 1527 by Hinojosa, was referred to the Senate Finance Committee on March 22.