

## **BILL ANALYSIS**

Senate Research Center  
76R3309 KEL-F

S.B. 1700  
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Finance  
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As Filed

### **DIGEST**

Currently, under Texas law, the Texas Department of Housing and Community Affairs allocates federal low-income housing tax credits. Historically, awards under the low-income housing tax credit program have not been evenly distributed throughout the state. This bill would revise the operation of the federal low-income housing tax credit program.

### **PURPOSE**

As proposed, S.B. 1700 revises the operation of the federal low-income housing tax credit program.

### **RULEMAKING AUTHORITY**

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Chapter 2306BB, Government Code, by adding Section 2306.6705, as follows:

Sec. 2306.6705. DEFINITIONS. Defines “region” and “review panel.”

SECTION 2. Amends Section 2306.671, Government Code, as follows:

Sec. 2306.671. New heading: QUALIFIED ALLOCATION PLAN. Requires the qualified allocation plan to state that low-income housing tax credits shall be allocated to a region based on the population of the region. Deletes text regarding the deadline for an applicant for low-income housing tax credits to submit an application and requiring the governing board of the Texas Department of Housing and Community Affairs (board) to issue a commitment by a certain date.

SECTION 3. Amends Chapter 2306BB, Government Code, by adding Section 2306.6715, as follows:

Sec. 2306.6715. REVIEW PANEL. Authorizes a region to establish a tax credit review panel to propose an allocation panel for the region’s share of low-income housing tax credits, on a majority vote of the state representatives whose districts cover a part of a region. Provides that a review panel consists of nine members appointed by a majority vote of the state representatives described by Subsection (a). Provides that the members serve staggered two-year terms, with four or five members’ terms expiring February 1 of each year. Prohibits a member from receiving compensation for the member’s service on the review panel. Prohibits the member from applying for a low-income housing tax credit proposed for allocation by the review panel on which the member serves, during the member’s term and the two-year period following that term. Requires an applicant for a low-income housing tax credit to apply to the review panel established by the region in which the property proposed for development is located, by a certain date. Requires the applicant to apply to the Department of Housing and Community Affairs (department) if a review panel has not been established by that region. Requires each region to submit a proposed allocation plan to the board by a certain date. Requires the department to allocate the region’s share of tax credits to regions that make timely submissions, if a review panel for a region does not submit the proposed plan by the deadline. Requires the board to approve each region’s proposed allocation plan unless the proposed plan violates state or federal law, in which event the board is required to direct the department to develop an alternative allocation plan for the region. Requires the department to allocate the region’s share of tax credits to qualified applicants who apply to

develop property located in that region, if a region does not establish a review panel by a certain date. Requires the board to approve or disapprove a review panel's proposed allocation of low-income housing tax credits each year in accordance with the qualified allocation plan by a certain date.

SECTION 4. Amends Section 2306.672, Government Code, to make conforming and nonsubstantive changes.

SECTION 5. Amends Section 2306.675, Government Code, as follows:

Sec. 2306.675. New heading: WAITING LIST. Requires the review panel or the board to establish a waiting list of additional applications, ranked in descending order of priority, to be allocated tax credits if additional credits become available. Deletes text requiring the department staff to provide recommendations to the board concerning the financial or programmatic viability of each application. Deletes text requiring the board to issue a commitment for tax credits available to the department.

SECTION 6. Amends Section 2306.677, Government Code, to make conforming and nonsubstantive changes.

SECTION 7. Amends Section 2306.678(b), Government Code, to require the department to hold at least three public hearings in each region, rather than different regions, of the state to receive public comments on low-income housing tax credit applications.

SECTION 8. Makes application of this Act prospective.

SECTION 9. Effective date: September 1, 1999.

SECTION 10. Emergency clause.