

BILL ANALYSIS

Senate Research Center

S.B. 1411
By: Lucio
Finance
4/23/2005
As Filed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Currently, Section 11.182, Tax Code, is not clear as to the property exemption owners of affordable housing receive if they have entered into a payment in lieu of taxes (PILOT) agreement with local taxing units. The property would be off the tax rolls in that the owners qualify for a tax exemption under Section 11.182, Tax Code. In order for a taxing unit not to object to the property tax exemption, the owner of the affordable housing property would enter into a PILOT agreement to pay a certain amount in lieu of the payment of any property taxes. Chief appraisers are ignoring the agreement and requiring the owner of the affordable housing property to pay the property taxes or are accepting the agreement and requiring the owners of the affordable housing property to pay the difference in the amount of the PILOT and the taxes imposed on the property.

S.B. 1411 clarifies the application of the exemption to limited partnership owners of affordable housing which participated in agreements for payments in lieu of taxes with local taxing units.

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, Tax Code, by adding Subsections (b-1), (b-2), and (h-1), as follows:

(b-1) Entitles an owner of property, notwithstanding Subsection (b), to an exemption from taxation of the property under this section if the property otherwise qualifies for the exemption and the owner is a limited partnership of which an organization that meets the requirements of Subsection (b) controls 100 percent of the general partner interest.

(b-2) Provides that an owner that otherwise qualifies for an exemption from taxation of property under this section is entitled to the exemption even if the organization leases the property to a limited partnership, provided that the organization controls 100 percent of the general partner interest in the partnership.

(h-1) Entitles an owner, notwithstanding any other provision of this section, to an exemption from taxation of property under this section by each taxing unit in which the property is located if, before January 1, 2004, the owner entered into a specific agreement for the benefit of any taxing unit in which the property is located and the owner is in compliance with the agreement in the current tax year, as described by the taxing unit that is a party to the agreement.

SECTION 2. (a) Provides that this Act applies only to property taxes imposed for a tax year beginning on or after January 1, 2002.

(b) Makes application of this Act regarding a tax protest or appeal prospective.

SECTION 3. Effective date: upon passage or September 1, 2005.