

1-1 By: West S.B. No. 1931  
 1-2 (In the Senate - Filed March 10, 2017; March 27, 2017, read  
 1-3 first time and referred to Committee on Intergovernmental  
 1-4 Relations; May 2, 2017, reported adversely, with favorable  
 1-5 Committee Substitute by the following vote: Yeas 6, Nays 0;  
 1-6 May 2, 2017, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8	X			
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14			X	
1-15	X			

1-16 COMMITTEE SUBSTITUTE FOR S.B. No. 1931 By: Garcia

1-17 A BILL TO BE ENTITLED  
 1-18 AN ACT

1-19 relating to community land trusts.

1-20 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-21 SECTION 1. Section 373B.003, Local Government Code, is  
 1-22 amended to read as follows:

1-23 Sec. 373B.003. NATURE OF TRUST. A community land trust  
 1-24 created or designated under Section 373B.002 must be a nonprofit  
 1-25 organization that is:

1-26 (1) created to acquire and hold land for the benefit of  
 1-27 developing and preserving long-term affordable housing in the  
 1-28 municipality or county; and

1-29 (2) organized as:

1-30 (A) a nonprofit corporation that is exempt from  
 1-31 federal income taxation under Section 501(a), Internal Revenue Code  
 1-32 of 1986, by being listed [~~certified~~] as an exempt organization  
 1-33 under Section 501(c)(3) of that code;

1-34 (B) a limited partnership of which a nonprofit  
 1-35 corporation described by Paragraph (A) controls 100 percent of the  
 1-36 general partner interest; or

1-37 (C) a limited liability company for which a  
 1-38 nonprofit corporation described by Paragraph (A) serves as the only  
 1-39 member.

1-40 SECTION 2. Section 11.1827, Tax Code, is amended by adding  
 1-41 Subsection (g) to read as follows:

1-42 (g) Once adopted by the governing body of a taxing unit, the  
 1-43 exemption provided by this section continues to apply to property  
 1-44 located in the taxing unit until the governing body rescinds the  
 1-45 exemption in the manner provided by law for official action by the  
 1-46 body.

1-47 SECTION 3. Sections 23.21(c) and (d), Tax Code, are amended  
 1-48 to read as follows:

1-49 (c) In appraising land or a housing unit that is leased by a  
 1-50 community land trust created or designated under Section 373B.002,  
 1-51 Local Government Code, to a family meeting the income-eligibility  
 1-52 standards established by Section 373B.006 of that code under  
 1-53 regulations or restrictions limiting the amount that the family may  
 1-54 be required to pay for the rental or lease of the property, the  
 1-55 chief appraiser shall use the income method of appraisal as  
 1-56 described by Section 23.012 to determine the appraised value of the  
 1-57 property. The chief appraiser shall use that method regardless of  
 1-58 whether the chief appraiser considers that method to be the most  
 1-59 appropriate method of appraising the property. In appraising the  
 1-60 property, the chief appraiser shall:

2-1 (1) take into account the ~~[extent to which that]~~ use  
2-2 and limitation applicable to the property for purposes of computing  
2-3 the actual rental income from the property and projecting future  
2-4 rental income; and

2-5 (2) use the same capitalization rate that the chief  
2-6 appraiser uses to appraise other rent-restricted properties  
2-7 ~~[reduce the market value of the property]~~.

2-8 (d) In appraising a housing unit that the owner or a  
2-9 predecessor of the owner acquired from a community land trust  
2-10 created or designated under Section 373B.002, Local Government  
2-11 Code, and that is located on land owned by the trust and leased by  
2-12 the owner of the housing unit, the chief appraiser shall take into  
2-13 account the extent to which any regulations or restrictions  
2-14 limiting the right of the owner of the housing unit to sell the  
2-15 housing unit, including any limitation on the price for which the  
2-16 housing unit may be sold, reduce the market value of the housing  
2-17 unit. If sale of the housing unit is subject to an eligible land use  
2-18 restriction, the chief appraiser may not appraise the housing unit  
2-19 in a tax year for an amount that exceeds the price for which the  
2-20 housing unit may be sold under the eligible land use restriction in  
2-21 that tax year. For purposes of this subsection, "eligible land use  
2-22 restriction" means an agreement or restrictive covenant applicable  
2-23 to a housing unit that:

2-24 (1) is recorded in the real property records;

2-25 (2) has a term of at least 40 years;

2-26 (3) restricts the price for which the housing unit may  
2-27 be sold to a price that is equal to or less than the market value of  
2-28 the housing unit; and

2-29 (4) restricts the sale of the housing unit to a family  
2-30 meeting the income-eligibility standards established by Section  
2-31 373B.006, Local Government Code.

2-32 SECTION 4. Section 26.10, Tax Code, is amended by amending  
2-33 Subsection (a) and adding Subsection (d) to read as follows:

2-34 (a) If the appraisal roll shows that a property is eligible  
2-35 for taxation for only part of a year because an exemption, other  
2-36 than a residence homestead exemption or an exemption described by  
2-37 Subsection (d), applicable on January 1 of that year terminated  
2-38 during the year, the tax due against the property is calculated by  
2-39 multiplying the tax due for the entire year as determined as  
2-40 provided by Section 26.09 ~~[of this code]~~ by a fraction, the  
2-41 denominator of which is 365 and the numerator of which is the number  
2-42 of days the exemption is not applicable.

2-43 (d) Subsection (a) does not apply to an exemption for land  
2-44 received by an organization under Section 11.181, 11.182, or  
2-45 11.1825 that terminated during the year because of the sale by the  
2-46 organization of a housing unit located on the land if:

2-47 (1) the housing unit is sold to a family meeting the  
2-48 income-eligibility standards established by Section 373B.006,  
2-49 Local Government Code;

2-50 (2) the organization retains title to the land on  
2-51 which the housing unit is located; and

2-52 (3) before the date on which the housing unit is sold,  
2-53 the organization is designated a community land trust by the  
2-54 governing body of a municipality or county as provided by Section  
2-55 373B.002, Local Government Code.

2-56 SECTION 5. This Act applies only to ad valorem taxes imposed  
2-57 for a tax year that begins on or after the effective date of this  
2-58 Act.

2-59 SECTION 6. This Act takes effect September 1, 2017.

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