

SUBJECT: Authorizing certain corporations for multifamily residential development

COMMITTEE: Pensions, Investments and Financial Services — favorable, without amendment

VOTE: 9 ayes — Murphy, Capriglione, Flynn, Gervin-Hawkins, Gutierrez, Lambert, Leach, Stephenson, Wu

0 nays

2 absent — Vo, Longoria

SENATE VOTE: On final passage, April 17 — 31-0, on Local and Uncontested Calendar

WITNESSES: *On House companion bill, HB 1716:*
For — James Plummer, San Antonio Trust Public Facility Corporation;
(*Registering but not testifying:* Brian Sledge, NPR Group.

Against — None

BACKGROUND: Local Government Code ch. 303, known as the Public Facility Corporation Act, authorizes municipalities, counties, school districts, housing authorities, or special districts to act as a sponsor and create one or more nonmember, nonstock, nonprofit public facility corporations to:

- issue bonds, including bonds to purchase the sponsor's obligations;
- finance public facilities on behalf of the sponsor; or
- loan the proceeds of the obligations to other entities to accomplish the purposes of the sponsor.

Such corporations may be used to:

- acquire, construct, rehabilitate, renovate, repair, equip, furnish, or place in service public facilities; or
- issue bonds on the sponsor's behalf to finance the costs of the

public facilities.

Sec. 303.042 establishes a property tax exemption for public facilities owned by a corporation. An exemption under the section for a multifamily residential development owned by a public facility corporation and which does not have at least 20 percent of its units reserved for public housing units applies only if:

- the housing authority holds a public hearing, at a regular meeting of the authority's governing body, to approve the development; and
- at least 50 percent of the units in the multifamily residential development are reserved for occupancy by individuals and families earning less than 80 percent of the area median family income.

DIGEST:

SB 1861 would amend the Public Facility Corporation Act to expressly authorize certain municipalities, counties, school districts, housing authorities, and special districts to create corporations to finance, own, and operate multifamily residential developments that met certain requirements for tax exempt status.

Such developments would be tax exempt under Local Government Code sec. 303.042 if they met requirements established under current law or accomplished a governmental purpose of the corporation's sponsor. If a public facility corporation owned a qualifying multifamily residential development, the corporation's sponsor would be considered the user of the public facility for the purposes of the tax exemption.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2019.