

## **BILL ANALYSIS**

H.B. 1278  
By: Zedler  
Local Government Ways and Means  
Committee Report (Amended)

### **BACKGROUND AND PURPOSE**

Churches throughout Texas are preparing for future growth by purchasing property for expansion. However, some local taxing entities are taxing this undeveloped land that churches own. HB 1278 would prohibit local entities from taxing non-revenue generating property owned by religious organizations.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

Amends Section 11.20, Tax Code, by adding land that religious organizations own for purposes of expansion as exempt from taxation if the religious organization qualifies other property for an exemption and the land produces no revenue for the religious organization. Tracts of land not contiguous to the land where the religious organization holds its regular worship may not be exempted for longer than three years. Permits that a statement accompanying the application for exemption that the land is for the relevant purpose is sufficient.

Amends Chapter 11, Tax Code, by adding Section 11.201 which provides that if land is sold or otherwise transferred to another person in the same year an exemption was received, additional taxes equal to those that would have been imposed in the previous five years in which the land received an exemption plus interest at the rate of seven percent per year calculated from when the taxes would have become due be imposed. For partial transfers of land the tax applies only to that part which has been transferred.

Section 11.201 would also provide for a tax lien to attach to the land on the date the sale or transfer occurs in favor of all taxing units for which the tax would have been imposed. The assessor is directed to deliver a tax bill for the additional taxes plus interest after a sale or transfer and the taxes become delinquent if not paid by the following February 1st at least twenty days after delivery of the bill to the property owner.

Additional taxes for sales or transfers do not apply if they occur as the result of a sale for a right-of-way, a condemnation, or a transfer of property to the state or a political subdivision to be used for a public purpose.

### **EFFECTIVE DATE**

The Act takes effect January 1, 2004 only if a constitutional amendment is approved by voters. The Act applies only to a tax year that begins on or after January 1, 2004.

### **EXPLANATION OF AMENDMENTS**

Amends proposed Section 11.201(e), Tax Code, to add subdivision (4) which would exclude a transfer of property to a religious organization that qualifies the property for an exemption under Section 11.20 for the tax year in which the transfer occurs to the list of sales or transfers that are not eligible for sanctions.