

BILL ANALYSIS

C.S.H.B. 726
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Smith County Peace Officers Association (SCPOA), a non-profit organization, built a training facility to benefit the surrounding area. Money, land, and labor were all donated for this facility and has served all of northeast Texas. The largest donors of this facility were the city of Tyler and Smith County. This facility is strictly a training facility and does not charge for any courses provided.

Courses are prescribed and designed by Texas Commission on Law Enforcement Officer Standards and Education (TCLEOSE) and are necessary for law enforcement officers of the State of Texas. All the instructors that teach courses are there on a volunteer basis and are not paid any additional salary. The only income that the facility receives are through donations and association dues. This income is strictly used for maintenance and care of the facility.

Current law exempts public properties used for public purposes, actual places of worship, schools, and veterans from ad valorem taxation, but not certain law enforcement officer associations. C.S.H.B. 726 allows governing bodies to exempt property owned by certain law enforcement officer associations from ad valorem taxation.

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

C.S.H.B. 726 exempts, in counties with a population less than 250,000, real and personal property from property taxation that is owned by a law enforcement officer association and, is used exclusively by qualified law enforcement associations if the exemption is adopted by the governing body of the taxing unit. The bill provides that property is exempt if the use of such property is incidental to use of the property by qualified law enforcement officer associations and is limited to activities that benefit the beneficiaries or members of the qualified law enforcement officer associations that own or use the property.

The bill sets forth the qualifications of a law enforcement officer association.

The bill authorizes a governing body of a taxing unit, not later than January 1, 2007, to adopt the exemption to apply to taxes imposed by the taxing unit for a tax year after the 2000 tax year and before the 2006 tax year. The bill further authorizes a law enforcement officer association to apply for the exemption for any of those tax years for which a taxing unit has adopted the exemption. The filing deadline does not apply to an application filed under this section. A chief appraiser does not have to approve an application for an exemption if the taxes that were levied were paid before the application for the exemption was filed. If an application is approved after the appraisal records are approved, the chief appraiser must notify the taxing unit's collector of each property that has been approved. The collector is required to deduct from the organization's tax bill the amount of tax imposed on the property for that tax year if the tax has not been paid and any unpaid penalties and accrued interest relating to that tax. The collector may not refund taxes, penalties, or interest paid on the property for which an exemption is granted under this section.

The bill requires a chief appraiser to grant exemptions to property that would have qualified under Section 11.235, if that section had been in effect the tax year the exemption is claimed and if the taxing unit has adopted the exemption for that tax year. The bill provides that a separate application must be filed for each tax year to obtain this exemption.

The section providing a retroactive tax exemption will expire on January 1, 2009.

EFFECTIVE DATE

January 1, 2006, if the constitutional amendment relating to authorizing the legislature to exempt from ad valorem taxation property owned by certain law enforcement officer associations is approved by the voters. The Act applies to taxes imposed for a tax year that begins on or after January 1, 2001.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute adds new language requiring that the exemption be adopted by the governing body of the taxing unit. The substitute differs from the original by changing the expiration date from January 1, 2008 to January 1, 2009.