

BILL ANALYSIS

Senate Research Center
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S.B. 1336
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Many rural economies significantly benefit from tourism because small towns possess a certain character that many tourists want to experience, including main streets. Towns are able to revitalize their main streets through it participation in either the Main Street Improvement Program or the Downtown Revitalizing Program, administered by the Texas Department of Agriculture (TDA). These programs offer communities the ability to improve infrastructure for the purpose of bringing new life to the town. It is not a requirement for buildings to be revitalized; many building owners are not interested in revitalizing and others are not able to revitalize their buildings because their property taxes will increase to a level not supported by their business.

As proposed, S.B. 1336 authorizes the governing body of a municipality to limit municipal taxes that may be imposed on real property in an area that has qualified for funding under the programs administered by TDA and provides that the limit expires on the earlier of January 1 of the sixth year following the tax year in which the governing body establishes the limitation under this section, or January 1 of the first year in which the owner of the property when the limitation takes effect ceases to own the property.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to any state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 11, Tax Code, by adding Section 11.34, as follows:

Sec. 11.34. LIMITATION OF MUNICIPAL TAXES ON REAL PROPERTY IN DESIGNATED AREAS OF CERTAIN MUNICIPALITIES. (a) Provides that this section applies only to a municipality having a population of less than 10,000.

(b) Authorizes the governing body of a municipality, acting under the authority of Section 1-o, Article VIII, Texas Constitution, to establish a limitation on the total amount of municipal taxes that may be imposed on real property in or adjacent to an area that has qualified for funding under the programs administered by the Texas Department of Agriculture (TDA) as described by Section 1-o, Article VIII, Texas Constitution.

(c) Requires the tax officials to appraise the property to which the limitation applies and calculate taxes as on other property, but if the tax so calculated exceeds the limitation established under this section, the tax imposed is the amount of the tax as limited by this section, except as provided by Subsections (f) and (g).

(d) Requires a limitation on municipal tax increases under this section to be established before December 31 of the first year after the tax year in which funding under the program administered by the TDA is initially approved for the designated area.

(e) Prohibits that the municipality from increasing the total annual amount of ad valorem taxes the municipality imposes on the property above the amount of the taxes the municipality imposed on the property in the tax year in which the governing body established the limitation on municipal tax increases under this section.

(f) Provides that, subject to Subsection (g), a limitation on municipal tax increases under this section expires on the earlier of January 1 of the sixth year following the tax year in which the governing body establishes the limitation under this section, or January 1 of the first year in which the owner of the property when the limitation takes effect ceases to own the property.

(g) Provides that if the property subject to a limitation on tax increases under this section is owned by two or more persons, the imitation expires on January of the first tax year following the year in which the ownership of at least a 50 percent interest in the property is sold or otherwise transferred.

SECTION 2. Effective date: January 1, 2008, contingent on approval by the voters of the constitutional amendment authorizing the legislature to permit a municipality with a population of less than 10,000 to provide that municipal ad valorem taxes imposed on real property in or adjacent to an area that has qualified for funding under certain revitalization or redevelopment programs administered by the TDA not be increased for the first five tax years after the tax year in which the limitation on municipal tax increases is established is approved by the voters. Makes application of this Act prospective.