

BILL ANALYSIS

C.S.H.B. 3206
By: Edwards
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, varying methods of determining property tax exemptions for pollution equipment have led to a reduction in realized taxable revenue. The comptroller of public accounts maintains that, due to the variety of methods used in determining property tax exemptions for equipment used to control air, water, or land pollution, taxable value has been reduced below projected levels.

The Texas Commission on Environmental Quality needs to be able to establish consistent methods for the analysis and application of property tax exemptions of pollution control property. Total taxable value if reconfigured could cause a change in reported school district taxable values and thereby avoid future state costs.

C.S.H.B. 3206 revises provisions on the implementation of the property tax exemption for pollution control property.

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. 3206 amends the Tax Code to specify that the standards and methods for making a determination regarding a property tax exemption for pollution control property, as established in the rules adopted by the Texas Commission on Environmental Quality (TCEQ), apply uniformly to all applications for such determinations, including applications relating to facilities, devices, or methods for the control of air, water, or land pollution included on a list adopted by TCEQ pursuant to statutory requirements for such lists.

C.S.H.B. 3206 requires TCEQ to establish a permanent advisory committee consisting of representatives of industry, appraisal districts, taxing units, and environmental groups, as well as members who are not representatives of any of those entities but have substantial technical expertise in pollution control technology and environmental engineering, to advise TCEQ regarding the implementation of the tax exemption for pollution control property. The bill specifies that provisions of the Government Code relating to advisory committees do not apply to the size, composition, and duration of the TCEQ advisory committee.

C.S.H.B. 3206 requires TCEQ, as soon as practicable after the bill's effective date, to appoint the initial members of the advisory committee.

EFFECTIVE DATE

September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 3206 adds a provision not in the original to make the standards and methods for making a determination regarding a property tax exemption for pollution control property apply uniformly to all applications for such determinations.

C.S.H.B. 3206 removes a provision in the original revising the information that must be received before a determination is made by the executive director of TCEQ that property is used for pollution control if the facility, device, or method for such control is included on a statutorily specified list. The substitute removes provisions in the original requiring the executive director on making a determination to issue a letter to the applicant; authorizing the applicant to select the method on which the applicant's statement of the proportion of the property that is pollution control equipment is based; establishing requirements for a determination by the executive director if the applicant selects a method; and requiring TCEQ, as soon as practicable, to adopt rules as necessary to implement such changes.

C.S.H.B. 3206 adds a provision not in the original to require the permanent advisory committee to include members who are not representatives of industry, appraisal districts, taxing units, or environmental groups, but who have substantial technical expertise in pollution control technology and environmental engineering.

C.S.H.B. 3206 removes a temporary provision in the original requiring a person to file a new application and determination for a pollution control property tax exemption in the 2010 tax year in order to receive the exemption in that tax year.

C.S.H.B. 3206 adds a transition provision not in the original making the change in law applicable or inapplicable to a determination by the executive director depending on the effective date of the bill and when the determination becomes final. The substitute differs from the original by making the bill's provisions applicable only to property taxes imposed for a tax year beginning on or after the bill's effective date, whereas the original makes the provisions applicable only to property taxes imposed for a tax year beginning on or after January 1, 2010.