

BILL ANALYSIS

C.S.H.B. 2100
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, one or more local governments may remove property from the tax roll of another local government by purchasing and rendering that property exempt from taxation. The local government that loses this taxable property has limited say in the matter and generally is unable to prevent or opt out of the loss of that value from its tax rolls. Also, one or more local governments can form a local government corporation to aid and act on their behalf. Once created, a local government corporation is exempt from taxation on property that it owns in the state. This tax exemption may have been intended for local governments to create a corporation and give it tax-exempt status while it acts within the parent taxing jurisdiction. However, general language in the current law allows a local government corporation to enjoy tax-exempt status for property owned anywhere in Texas. When a local government corporation uses the law in this manner, it is possible for a local government to lose property from its tax rolls without that local government's consent.

C.S.H.B. 2100 seeks to ensure that every local government retains the ability to consent to or prohibit the removal of property from its tax rolls by a local government corporation by clarifying that property owned by a local government corporation is not exempt from property taxes if that property is located outside of the boundaries of the parent local government.

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. 2100 amends the Transportation Code, in a provision exempting the property of a local government corporation and a transaction to acquire property for the corporation from state and local taxes, to limit the application of such exemption by excluding a local government corporation's property that is located outside of the boundaries of a local government that created the corporation from the property tax exemption otherwise applicable to a local government corporation's property.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 2100 differs from the original by excluding the property of a local government corporation that is located outside of the boundaries of a local government that created the local government corporation from the property tax exemption otherwise applicable to a local corporation's property, whereas the original specifies that the property of a local government corporation that is exempt from taxation is property that is located within the boundaries of a

local government that the corporation was created to aid and on whose behalf the corporation is authorized to act.