

BILL ANALYSIS

S.B. 1120
By: Seliger
Ways & Means
Committee Report (Unamended)

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.

S.B. 1120 amends current law relating to the exemption from taxation of property of a local government corporation.

RULEMAKING AUTHORITY

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

ANALYSIS

SECTION 1. Amends Section 431.102(b), Transportation Code, to provide that the property of a local government corporation and a transaction to acquire the property is exempt from taxation in the same manner as a corporation created under Chapter 394 (Housing Finance Corporations in Municipalities and Counties), Local Government Code, except that property of a local government corporation created by a municipal power agency that was created under Subchapter C (Municipal Power Agencies), Chapter 163 (Joint Powers Agencies), Utilities Code, is not exempt from ad valorem taxation if the property is located outside of the boundaries of each of the municipalities that created the municipal power agency.

SECTION 2. Effective date: upon passage or September 1, 2011.

EFFECTIVE DATE

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