

BILL ANALYSIS

C.S.H.B. 1173

By: Anchia

Natural Resources

Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties contend that despite years of drought the state has yet to adopt straightforward financial incentives to encourage industrial and residential consumers of water to adopt rainwater conservation techniques. The parties contend that the legislature took an important first step with the recent passage of certain legislation that encourages Texans to adopt existing technologies to capture and store natural rainwater but note that such legislation stopped short of creating financial incentives necessary to spur widespread adoption of conservation measures by the private sector and residential landowners.

C.S.H.B. 1173 seeks to address this issue by establishing provisions relating to an exemption from the property taxes imposed on property for the value of certain water conservation systems installed on the 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

SECTION 1. Amends Subchapter B, Chapter 11, Tax Code, by adding Section 11.325 as follows:

Sec. 11.325. WATER CONSERVATION SYSTEMS. (a) In this section:

(1) Defines "drip irrigation system" to mean a low pressure, low volume irrigation system that delivers water to the roots or base of a plant through surface or subsurface lines, tubes, and emitters.

(2) Defines "rainwater harvesting system" to mean a system for the capture and storage of rainwater for subsequent use. For the purposes of this section, a rainwater harvesting system must store water in cisterns capable of holding 400 or more gallons of water.

(b) Authorizes the governing body of a taxing unit by official action of the governing body adopted in the manner required by law for official actions to exempt from taxation the portion of the appraised value of property that is attributable to the installation on the property of a drip irrigation system or a rainwater harvesting system.

SECTION 2. Amends Section 403.302(d), Government Code, as follows:

(d) Defines "taxable value" to mean, for the purposes of this section, the market value of all taxable property less, in addition to a number of dollar amounts listed in existing law, the total dollar amount of any exemptions granted under Section 11.251, 11.253, or 11.325, Tax Code, rather than 11.251 or 11.253, Tax Code.

SECTION 3. Provides that this Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 4. Provides for the effective date of this Act.

EFFECTIVE DATE

This Act takes effect January 1, 2014.

COMPARISON OF ORIGINAL TO SUBSTITUTE

INTRODUCED

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Chapter 31, Tax Code, is amended by adding Section 31.038 to read as follows:

No equivalent provision.

Sec. 31.038. TAX CREDIT FOR CERTAIN WATER CONSERVATION SYSTEMS.

(a) In this section:

(1) "Drip irrigation system" means a low pressure, low volume irrigation system that delivers water to the roots or base of a plant through surface or subsurface lines, tubes, and emitters.

(2) "Rainwater harvesting system" means a system for the capture and storage of rainwater for subsequent use. For the purposes of this section, a rainwater harvesting system must store water in cisterns capable of holding 400 or more gallons of water.

(b) A person who installs a drip irrigation system or a rainwater harvesting system on the person's property is entitled to a credit against the taxes imposed on the property by a taxing unit that taxes the property if the credit is adopted by the governing body of the taxing unit in the manner provided by law for official action.

(c) The amount of the credit under this section to which a person is entitled against the taxes imposed on the property by a taxing unit described by Subsection (b) is computed by:

(1) dividing the amount of taxes imposed on the property by the taxing unit by the total amount of taxes imposed on the property by all of the taxing units described by Subsection (b); and

(2) multiplying the amount computed under Subdivision (1) by the following amount, as applicable:

(A) for a drip irrigation system, an amount equal to the lesser of:

(i) 25 percent of the total cost to the person for installation of the system; or

(ii) \$2,500; or

(B) for a rainwater harvesting system, an amount equal to the least of:

(i) \$1 for each gallon of storage capacity provided by the system;

(ii) 50 percent of the total cost to the person for installation of the system; or

(iii) \$5,000.

(d) A person may receive a credit under this section only in the first tax year after the year in which the person installed the drip irrigation system or rainwater harvesting system on the person's property, except that if the amount of the credit to which the person is entitled under this section in any tax year exceeds the amount of tax imposed on the property in that tax year, the excess amount may be carried forward and credited against the taxes imposed in the following tax year.

(e) To receive a credit under this section against the taxes imposed by a taxing unit on the person's property, a person must file an application with the chief appraiser of the appraisal district in which the property is located. The application must include:

(1) the installation costs incurred by the person if the credit is based on installation of a drip irrigation system; or

(2) the installation costs incurred by the person and the total volume of the storage capacity provided by the system if the credit is based on the installation of a rainwater harvesting system.

(f) The chief appraiser shall forward a copy of the application to the assessor for each taxing unit described by Subsection (b). The assessors for the taxing units shall consult with one another as necessary to compute the amount of the credit to be granted by each taxing unit.

(g) A credit provided by this section, once allowed, need not be claimed in subsequent years and applies to the property regardless of any subsequent change in ownership of the property.

No equivalent provision.

SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by adding Section 11.325 to read as follows:

Sec. 11.325. WATER CONSERVATION SYSTEMS. (a) In this section:

(1) "Drip irrigation system" means a low pressure, low volume irrigation system that delivers water to the roots or base of a plant through surface or subsurface lines, tubes, and emitters.

(2) "Rainwater harvesting system" means a system for the capture and storage of rainwater for subsequent use. For the purposes of this section, a rainwater harvesting system must store water in cisterns capable of holding 400 or more gallons of water.

(b) The governing body of a taxing unit by official action of the governing body adopted in the manner required by law for official actions may exempt from taxation the portion of the appraised value of property

that is attributable to the installation on the property of a drip irrigation system or a rainwater harvesting system.

SECTION 2. Section 403.302(d), Government Code, is amended to read as follows:

(d) For the purposes of this section, "taxable value" means the market value of all taxable property less:

(1) the total dollar amount of any residence homestead exemptions lawfully granted under Section 11.13(b) or (c), Tax Code, in the year that is the subject of the study for each school district;

(2) one-half of the total dollar amount of any residence homestead exemptions granted under Section 11.13(n), Tax Code, in the year that is the subject of the study for each school district;

(3) the total dollar amount of any exemptions granted before May 31, 1993, within a reinvestment zone under agreements authorized by Chapter 312, Tax Code;

(4) subject to Subsection (e), the total dollar amount of any captured appraised value of property that:

(A) is within a reinvestment zone created on or before May 31, 1999, or is proposed to be included within the boundaries of a reinvestment zone as the boundaries of the zone and the proposed portion of tax increment paid into the tax increment fund by a school district are described in a written notification provided by the municipality or the board of directors of the zone to the governing bodies of the other taxing units in the manner provided by former Section 311.003(e), Tax Code, before May 31, 1999, and within the boundaries of the zone as those boundaries existed on September 1, 1999, including subsequent improvements to the property regardless of when made;

(B) generates taxes paid into a tax increment fund created under Chapter 311, Tax Code, under a reinvestment zone financing plan approved under Section 311.011(d), Tax Code, on or before September 1, 1999; and

(C) is eligible for tax increment financing under Chapter 311, Tax Code;

(5) the total dollar amount of any captured appraised value of property that:

(A) is within a reinvestment zone:

(i) created on or before December 31, 2008, by a municipality with a population of less than 18,000; and

(ii) the project plan for which includes the alteration, remodeling, repair, or reconstruction of a structure that is included on the National Register of Historic Places and requires that a portion of the tax

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(d) For the purposes of this section, "taxable value" means the market value of all taxable property less:

(1) the total dollar amount of any residence homestead exemptions lawfully granted under Section 11.13(b) or (c), Tax Code, in the year that is the subject of the study for each school district;

(2) one-half of the total dollar amount of any residence homestead exemptions granted under Section 11.13(n), Tax Code, in the year that is the subject of the study for each school district;

(3) the total dollar amount of any exemptions granted before May 31, 1993, within a reinvestment zone under agreements authorized by Chapter 312, Tax Code;

(4) subject to Subsection (e), the total dollar amount of any captured appraised value of property that:

(A) is within a reinvestment zone created on or before May 31, 1999, or is proposed to be included within the boundaries of a reinvestment zone as the boundaries of the zone and the proposed portion of tax increment paid into the tax increment fund by a school district are described in a written notification provided by the municipality or the board of directors of the zone to the governing bodies of the other taxing units in the manner provided by former Section 311.003(e), Tax Code, before May 31, 1999, and within the boundaries of the zone as those boundaries existed on September 1, 1999, including subsequent improvements to the property regardless of when made;

(B) generates taxes paid into a tax increment fund created under Chapter 311, Tax Code, under a reinvestment zone financing plan approved under Section 311.011(d), Tax Code, on or before September 1, 1999; and

(C) is eligible for tax increment financing under Chapter 311, Tax Code;

(5) the total dollar amount of any captured appraised value of property that:

(A) is within a reinvestment zone:

(i) created on or before December 31, 2008, by a municipality with a population of less than 18,000; and

(ii) the project plan for which includes the alteration, remodeling, repair, or reconstruction of a structure that is included on the National Register of Historic Places and requires that a portion of the tax

increment of the zone be used for the improvement or construction of related facilities or for affordable housing;

(B) generates school district taxes that are paid into a tax increment fund created under Chapter 311, Tax Code; and

(C) is eligible for tax increment financing under Chapter 311, Tax Code;

(6) the total dollar amount of any exemptions granted under Section 11.251 or 11.253, Tax Code;

(7) the difference between the comptroller's estimate of the market value and the productivity value of land that qualifies for appraisal on the basis of its productive capacity, except that the productivity value estimated by the comptroller may not exceed the fair market value of the land;

(8) the portion of the appraised value of residence homesteads of individuals who receive a tax limitation under Section 11.26, Tax Code, on which school district taxes are not imposed in the year that is the subject of the study, calculated as if the residence homesteads were appraised at the full value required by law;

(9) a portion of the market value of property not otherwise fully taxable by the district at market value because of:

(A) action required by statute or the constitution of this state that, if the tax rate adopted by the district is applied to it, produces an amount equal to the difference between the tax that the district would have imposed on the property if the property were fully taxable at market value and the tax that the district is actually authorized to impose on the property, if this subsection does not otherwise require that portion to be deducted; or

(B) action taken by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter;

(10) the market value of all tangible personal property, other than manufactured homes, owned by a family or individual and not held or used for the production of income;

(11) the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.06, Tax Code;

(12) the portion of the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.065, Tax Code; ~~and~~

(13) the amount by which the market value of a residence homestead to which Section 23.23, Tax Code, applies exceeds the appraised value of that property as calculated under that section; and

(14) an amount equal to the taxable value required to generate revenue, when taxed at

increment of the zone be used for the improvement or construction of related facilities or for affordable housing;

(B) generates school district taxes that are paid into a tax increment fund created under Chapter 311, Tax Code; and

(C) is eligible for tax increment financing under Chapter 311, Tax Code;

(6) the total dollar amount of any exemptions granted under Section 11.251, ~~or~~ 11.253, or 11.325, Tax Code;

(7) the difference between the comptroller's estimate of the market value and the productivity value of land that qualifies for appraisal on the basis of its productive capacity, except that the productivity value estimated by the comptroller may not exceed the fair market value of the land;

(8) the portion of the appraised value of residence homesteads of individuals who receive a tax limitation under Section 11.26, Tax Code, on which school district taxes are not imposed in the year that is the subject of the study, calculated as if the residence homesteads were appraised at the full value required by law;

(9) a portion of the market value of property not otherwise fully taxable by the district at market value because of:

(A) action required by statute or the constitution of this state that, if the tax rate adopted by the district is applied to it, produces an amount equal to the difference between the tax that the district would have imposed on the property if the property were fully taxable at market value and the tax that the district is actually authorized to impose on the property, if this subsection does not otherwise require that portion to be deducted; or

(B) action taken by the district under Subchapter B or C, Chapter 313, Tax Code, before the expiration of the subchapter;

(10) the market value of all tangible personal property, other than manufactured homes, owned by a family or individual and not held or used for the production of income;

(11) the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.06, Tax Code;

(12) the portion of the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.065, Tax Code; and

(13) the amount by which the market value of a residence homestead to which Section 23.23, Tax Code, applies exceeds the appraised value of that property as calculated under that section.

No equivalent provision.

the school district's tax rate in the year that is the subject of the study, in an amount that is equal to the total amount of the credits provided by the district under Section 31.038, Tax Code, in that year.

SECTION 3. This Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 4. This Act takes effect January 1, 2014.

SECTION 3. Same as introduced version.

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