

BILL ANALYSIS

Senate Research Center
83R4428 CJC-F

H.B. 1360
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Interested parties have expressed concern that a property owner's entitlement to an exemption from property tax for certain property used by a qualified school under certain conditions does not extend to a property owner who leases a facility to an open-enrollment charter school. The parties note that a property owner leasing a facility to a charter school will often include the amount of property taxes due on the property in the charter school's rent, thereby increasing the school's overall costs to educate its students. H.B. 1360 seeks to remedy this concern by entitling a person to an exemption from taxation of real property owned by the person and leased to certain schools under certain conditions.

H.B. 1360 amends current law relating to the exemption from ad valorem taxation of real property leased to and used by certain schools.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 11, Tax Code, by adding Section 11.211, as follows:

Sec. 11.211. REAL PROPERTY LEASED TO CERTAIN SCHOOLS. Entitles a person to an exemption from taxation of the real property that the person owns and leases to a school that is qualified as provided by Section 11.21(d) (relating to providing requirements for an organization to qualify as a school for purposes of Section 11.21 (Schools)) if:

- (1) the real property is used exclusively by the school for educational functions;
- (2) the real property is reasonably necessary for the operation of the school;
- (3) the owner certifies by affidavit to the school that the rent for the lease of the real property will be reduced by an amount equal to the amount by which the taxes on the property are reduced as a result of the exemption;
- (4) the owner provides the school with a disclosure document stating the amount by which the taxes on the real property are reduced as a result of the exemption and the method the owner will implement to ensure that the rent charged for the lease of the property fully reflects that reduction; and
- (5) the rent charged for the lease of the real property reflects the reduction in the amount of taxes on the property resulting from the exemption through a monthly or annual credit against the rent.

SECTION 2. 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 3. Effective date: January 1, 2014, contingent upon approval by voters of the constitutional amendment relating to authorizing the legislature to exempt from ad valorem taxation real property leased to certain schools organized and operated primarily for the purpose of engaging in educational functions.