

BILL ANALYSIS

H.B. 1360
By: Ritter
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

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.

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

H.B. 1360 amends the Tax Code to entitle a person to a property tax exemption of the real property that the person owns and leases to a qualified school if the following conditions apply: the real property is used exclusively by the school for educational functions; the real property is reasonably necessary for the operation of the school; 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; 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 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.

EFFECTIVE DATE

January 1, 2014, if the constitutional amendment authorizing the legislature to exempt from property taxation real property leased to certain schools organized and operated primarily for the purpose of engaging in educational functions is approved by the voters.