

BILL ANALYSIS

Senate Research Center
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S.B. 1780
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The boom in oil and gas production in Texas, especially in the new shale regions, continues to place a stress on local community infrastructure. The largest problems being experienced in many of the rural communities are heavy truck traffic damaging county roads and a spike in uninsured patients in many small rural hospitals.

The road problem is aggravated by the fact that many small county roads were never designed or built for the large heavy oilfield equipment. County commissioners courts in these impacted counties find themselves with a swell in needed road maintenance and rebuilding without adequate local resources. Much of the money for road repairs in a county is generated by vehicle registration. Most of the oil field vehicles in the impacted counties are registered elsewhere, meaning no extra funds.

These communities also are experiencing increased patient load in community hospitals from temporary oil field workers and their families who often are uninsured. Many of these workers are providing oil field related services as independent contractors and are not covered by oil company insurance plans. Hospitals in the shale boom areas are reporting that emergency room volume has doubled and uncompensated care has increased as much as 25 percent.

S.B. 1780 allows a local option election for counties and hospital districts to retain increased property tax revenue from new oil and gas production in boom areas for purposes of repairing county roads and addressing increased uncompensated hospital care which results from high oil field truck traffic and a growing presence of uninsured persons associated with the oil and gas development.

As proposed, S.B. 1780 amends current law relating to the definition of new property value for purposes of the calculation of certain ad valorem tax rates for a county.

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 Section 26.012(17), Tax Code, to redefine "new property value."

SECTION 2. Amends Chapter 140, Local Government Code, by adding Section 140.008, as follows:

Sec. 140.008. ELECTION TO TREAT INCREASE IN TAXABLE VALUE OF OIL AND GAS INTERESTS AS NEW PROPERTY VALUE FOR AD VALOREM TAX RATE CALCULATIONS. (a) Defines "eligible taxing unit" in this section.

(b) Authorizes the governing body of an eligible taxing unit to call an election to determine whether to treat the increase in total taxable value of real property interests in oil and gas in place listed on the appraisal roll in the current year attributable to the production of oil and gas from wells completed after January 1

of the preceding tax year as new property value for the purpose of calculating the effective tax rate of the taxing unit.

(c) Requires the governing body of an eligible taxing unit to call an election described by Subsection (b) if the qualified voters of the taxing unit file a petition requesting the election with the governing body that is signed by a number of qualified voters of the taxing unit that is equal to at least five percent of the number of votes cast in the taxing unit in the most recent gubernatorial election.

(d) Requires the governing body, not later than the 30th day after the date the governing body receives a petition filed under Subsection (c), to determine whether the petition is valid and enter a resolution stating its finding. Provides that the petition is treated as if it had been found valid if the governing body fails to act within the time allowed.

(e) Requires the governing body to order an election to be held in the eligible taxing unit not later than the 90th day after the date on which the governing body received the petition if the governing body finds that the petition is valid, or fails to act within the time allowed.

(f) Sets forth the required language of the ballot.

(g) Provides that the proposition is approved and the taxing unit is required to calculate its new property value as provided by Section 26.012(17)(D) (defining "new property value"), Tax Code, for each tax year that begins after the date the election results are certified if a majority of the votes cast in the election favor the proposition.

(h) Requires that the revenue received by an eligible taxing unit attributable to the calculation of new property value as provided by Section 26.012(17)(D), Tax Code, be placed in a special account in the general fund of the taxing unit and authorizes it to be used only for:

(1) road construction and repair within the boundaries of the taxing unit;
and

(2) providing indigent health care within the boundaries of the taxing unit.

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

SECTION 4. Effective date: January 1, 2014.