|  |
| --- |
| BILL ANALYSIS |

|  |
| --- |
| C.S.S.B. 2242 |
| By: Hinojosa |
| Ways & Means |
| Committee Report (Substituted) |

|  |
| --- |
| **BACKGROUND AND PURPOSE** Interested parties report that the boundaries of certain counties, such as Nueces and San Patricio Counties, and other local taxing units have long been in dispute, which has resulted in the double taxation of certain properties. C.S.S.B. 2242 seeks to address this issue by providing for the resolution of disputes or errors involving the property taxation of the same property by multiple taxing units of the same type as a result of disputed, overlapping, or erroneously applied boundaries. |
| **CRIMINAL JUSTICE IMPACT**It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision. |
| **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** C.S.S.B. 2242 amends the Local Government Code to authorize a property owner, if, as a result of disputed, overlapping, or erroneously applied geographic boundaries between like taxing units, multiple like taxing units have imposed property taxes on the same property, to file suit in the Supreme Court of Texas to establish the correct geographic boundary between the taxing units and determine the amount of taxes owed on the property and the taxing unit or units to which the taxes are owed. The bill defines "like taxing units" as counties or other taxing units that are of the same type as one another and that by law may not include the same geographic territory and limits the applicability of its provisions to a county that has a population of less than 400,000 and contains a municipality with a population of at least 300,000, a county that has a population of at least 50,000 and is adjacent to a county that has a population of less than 400,000 and contains a municipality with a population of at least 300,000, and a taxing unit other than a county that has territory in either such county. The bill establishes that the supreme court has original jurisdiction to hear and determine the suit, authorizes the supreme court to issue injunctive or declaratory relief in connection with the suit, and requires the supreme court to enter a final order determining the suit not later than the 90th day after the date the suit is filed. C.S.S.B. 2242 amends the Tax Code to authorize like taxing units to which a property owner has made tax payments under protest as a result of a dispute or error relating to geographic taxing unit boundaries to enter into an agreement to resolve the dispute or error. The bill requires such an agreement to establish the correct geographic boundary between the taxing units, to require the taxing units to refund to the property owner any amount by which the amount paid by the owner to the taxing units exceeds the amount due, and to be in writing. The bill authorizes the agreement to include an allocation between the taxing units of all or part of the taxes that were paid under protest before the dispute or error was resolved, less any amount that is required to be refunded to the property owner. The bill requires the refund, if the dispute or error is resolved by the agreement of the taxing units, to be made not later than the 90th day after the date on which the agreement is made and, if the dispute or error is not resolved by the agreement and the supreme court enters a final order in a suit determining the amount of taxes owed on the property and the taxing unit or units to which the taxes are owed, requires a refund required as a result of that order to be made not later than the 180th day after the date the order is entered. The bill requires a refund to be accompanied by a description sufficient to identify the property on which the taxes were imposed and the tax account number, if applicable, and requires a collector making a refund to notify the auditor of each appropriate taxing unit not later than the 30th day after the date the refund is made. C.S.S.B. 2242 requires the chief appraiser of each applicable appraisal district, not later than the 45th day after the date a dispute or error relating to geographic taxing unit boundaries is resolved by an agreement between the taxing units or by a final order of the supreme court, to correct the appraisal roll and other appropriate records as necessary to reflect the agreement or order.C.S.S.B. 2242 includes a refund required by the bill among those which, if paid on or before the 60th day after the date the liability for the refund arises, have no interest due on the amount refunded and establishes that liability for such a refund arises on the 90th day after the date on which an agreement between taxing units is made or the 180th day after the date the supreme court's final order is entered, as applicable, for purposes of accounting for the accrual of interest on such a refund.C.S.S.B. 2242 amends the Education Code to require the commissioner of education to adjust the amounts due to a public school district under the foundation school program and with regard to state assistance with instructional facilities and payment of existing debt as necessary to account for the resolution of a dispute or error involving the district and another district by an agreement between the districts or by a final order of the supreme court as authorized by the bill. The bill applies to property taxes imposed for a tax year beginning before, on, or after the bill's effective date. |
| **EFFECTIVE DATE** On passage, or, if the bill does not receive the necessary vote, September 1, 2017. |
| **COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE**While C.S.S.B. 2242 may differ from the engrossed in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the bill. |
|

| SENATE ENGROSSED | HOUSE COMMITTEE SUBSTITUTE |
| --- | --- |
| SECTION 1. Chapter 72, Local Government Code, is amended by adding Section 72.010 to read as follows:Sec. 72.010. SUIT TO ESTABLISH BOUNDARIES OF AND TAXES OWED TO CERTAIN COUNTIES OR TAXING UNITS LOCATED IN THOSE COUNTIES. (a) In this section:(1) "Like taxing units" means counties or other taxing units that are of the same type as one another and that by law may not include the same geographic territory.(2) "Taxing unit" has the meaning assigned by Section 1.04, Tax Code.(b) This section applies only to:(1) Nueces and San Patricio Counties; and(2) other taxing units with territory in one or more of those counties.(c) If, as a result of disputed, overlapping, or erroneously applied geographic boundaries between like taxing units, multiple like taxing units have imposed ad valorem taxes on the same property, the property owner may file suit in the supreme court to:(1) establish the correct geographic boundary between the taxing units; and(2) determine the amount of taxes owed on the property and the taxing unit or units to which the taxes are owed.(d) The supreme court has original jurisdiction to hear and determine a suit filed under Subsection (c) and may issue injunctive or declaratory relief in connection with the suit.(e) The supreme court shall enter a final order determining a suit filed under Subsection (c) not later than the 90th day after the date the suit is filed. | SECTION 1. Chapter 72, Local Government Code, is amended by adding Section 72.010 to read as follows:Sec. 72.010. SUIT TO ESTABLISH BOUNDARIES OF AND TAXES OWED TO CERTAIN COUNTIES OR TAXING UNITS LOCATED IN THOSE COUNTIES. (a) In this section:(1) "Like taxing units" means counties or other taxing units that are of the same type as one another and that by law may not include the same geographic territory.(2) "Taxing unit" has the meaning assigned by Section 1.04, Tax Code.(b) This section applies only to:(1) a county that has a population of less than 400,000 and contains a municipality with a population of at least 300,000;(2) a county that has a population of at least 50,000 and is adjacent to a county described by Subdivision (1); and(3) a taxing unit other than a county that has territory in a county described by Subdivision (1) or (2).(c) If, as a result of disputed, overlapping, or erroneously applied geographic boundaries between like taxing units, multiple like taxing units have imposed ad valorem taxes on the same property, the property owner may file suit in the supreme court to:(1) establish the correct geographic boundary between the taxing units; and(2) determine the amount of taxes owed on the property and the taxing unit or units to which the taxes are owed.(d) The supreme court has original jurisdiction to hear and determine a suit filed under Subsection (c) and may issue injunctive or declaratory relief in connection with the suit.(e) The supreme court shall enter a final order determining a suit filed under Subsection (c) not later than the 90th day after the date the suit is filed. |
| SECTION 2. Section 25.25, Tax Code, is amended. | SECTION 2. Same as engrossed version. |
| SECTION 3. Chapter 31, Tax Code, is amended. | SECTION 3. Same as engrossed version. |
| SECTION 4. Sections 31.12(a) and (b), Tax Code, are amended. | SECTION 4. Same as engrossed version. |
| SECTION 5. Subchapter E, Chapter 42, Education Code, is amended. | SECTION 5. Same as engrossed version. |
| SECTION 6. The changes in law made by this Act apply to ad valorem taxes imposed for a tax year beginning before, on, or after the effective date of this Act. | SECTION 6. Same as engrossed version. |
| SECTION 7. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017. | SECTION 7. Same as engrossed version. |

 |