

BILL ANALYSIS

Senate Research Center
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S.B. 324
By: Buckingham
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The land owners at the time that Travis County Municipal Utility District (MUD) No. 3 was created agreed that it was in the interest of the MUD to discourage property tax exemptions. To that end, certain land owners agreed to waive any property tax exemption they might be granted by the Travis Central Appraisal District, but only with respect to the MUD. The waiver avoided a loss of taxable value, allowing greater certainty about future taxable value allowing greater borrowing for needed infrastructure. This arrangement has not presented an issue because few, if any, of the land owners in the MUD could qualify for a property tax exemption.

Recently a land owner within the boundaries of the MUD qualified for a property tax exemption under Section 11.18(c)(19), Tax Code. That section applies to continuing care retirement communities that provide annual charitable care equal to or greater than four percent of their net patient revenue. Unfortunately, the Travis Central Appraisal District believes it does not have the authority to waive the exemption for the MUD but keep it in place for other taxing jurisdictions, meaning that currently the property is exempt from MUD taxes.

S.B. 324 grants the Travis Central Appraisal District the authority and directs it to recognize for the MUD waivers of property tax exemptions, and to place the property with an exemption on the MUD's tax roll at full value, while at the same time recognizing the property tax exemption for all other taxing entities, if the MUD and the property owner enter into an agreement to tax the property at the full value and file the agreement with the appraisal district. This result is what was intended when the waivers were created.

As proposed, S.B. 324 amends current law relating to the authority of the Travis County Municipal Utility District No. 3 to enter into certain agreements relating to the ad valorem taxation of certain property located in the district.

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 C, Chapter 8395, Special District Local Laws Code, by adding Section 8395.102, as follows:

Sec. 8395.102. TAXPAYER AGREEMENTS. (a) Authorizes the Travis County Municipal District No. 3 (district) and an owner of property that is located in the district and exempt from ad valorem taxation by the district to enter into an agreement to allow the district to tax that property, subject to the provisions of this section.

(b) Requires that the agreement be filed with the chief appraiser of the district not later than December 31 of the tax year preceding the first tax year for which the agreement is effective. Provides that the agreement is effective until the earlier of the date on which the agreement expires under the terms of the agreement or the date on which the property described by the agreement is no longer entitled to exemption from ad valorem taxation.

(c) Requires the chief appraiser to, notwithstanding any other law, on receipt of an agreement under this section, beginning on January 1 of the first tax year following the year in which the agreement is filed and for each subsequent tax year for which the agreement is effective:

(1) consider the property that is the subject of the agreement to be taxable by the district, but not by any other taxing unit; and

(2) take all necessary steps to ensure the property that is the subject of the agreement is listed as property that is taxable by the district, but not by any other taxing unit, on the appraisal roll that is certified by the chief appraiser to the district's assessor under Section 26.01 (Submission of Rolls to Taxing Units), Tax Code.

(d) Defines "taxing unit."

SECTION 2. Provides that the change in law made by this Act applies only to an ad valorem tax year that begins on or after January 1, 2018.

SECTION 3. Effective date: September 1, 2017.