

## **BILL ANALYSIS**

Senate Research Center  
86R29976 SMH-D

C.S.S.B. 1771  
By: Bettencourt  
Property Tax  
5/6/2019  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Interested parties observe that when a taxing entity, including a municipality, purchases land, that property is removed from the tax rolls. Under current law, the taxing entity that purchased the land may then lease said land to a private entity and abate property taxes of all taxing units related to said land, irrespective of a contrary decision by a taxing unit to abate taxes. Therefore, without any input or authorization of any abatement from any other jurisdiction, a municipality, as an example, may unilaterally abate property taxes of all taxing entities that overlap the purchased land. S.B. 1771 seeks to change the circumstances under which a single taxing unit may or may not abate property taxes of another taxing unit. (Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 1771 amends current law relating to the ad valorem taxation of a leasehold or other possessory interest in certain property owned by a municipality.

### **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 25.07, Tax Code, by amending Subsection (b) and adding Subsection (d), as follows:

(b) Prohibits a leasehold or other possessory interest in exempt property, except as provided by Sections 11.11(b) (relating to land owned by the Permanent University Fund being taxable for county purposes) and (c) (relating to agricultural or grazing land owned by a county for the benefit of public schools being taxable) and by Subsection (d) of this section, from being listed if certain conditions are met.

(d) Provides that Subsection (b)(4)(B) (relating to the interest in a part of a certain center) does not prohibit the listing of a leasehold or other possessory interest in real property for purposes of taxation of the possessory interest by a taxing unit other than the municipality that owns the property unless:

(1) the governing body of the taxing unit approves the exemption of the possessory interest in the manner provided by law for official action by the governing body; or

(2) the financing by the municipality of the construction of the facility on the property was authorized by the voters of the municipality at an election held by the municipality.

SECTION 2. Provides that this Act applies only to the taxation of property for a tax year beginning on or after the effective date of this Act.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: September 1, 2019.