

By: Davis of Dallas

H.B. No. 4482

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the periodic evaluation of certain exemptions from
3 property taxes and state taxes and the application of the sunset
4 review process to those exemptions.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Chapter 325, Government Code, is amended by
7 adding Section 325.026 to read as follows:

8 Sec. 325.026. EVALUATION OF EXEMPTIONS FROM PROPERTY AND
9 STATE TAXES. (a) In this section, "exemption" includes:

10 (1) an exemption that is provided by the manner in
11 which a term is defined in Subchapter A, Chapter 151, Tax Code; and

12 (2) an exemption provided by Chapter 162, Tax Code,
13 from the taxes imposed by that chapter.

14 (b) The commission shall periodically evaluate each
15 exemption provided by Chapters 11, 151, 152, 162, 171, 201, and 202,
16 Tax Code, from the taxes imposed by those chapters.

17 (c) The commission shall conduct the evaluation required by
18 Subsection (b) according to a schedule that the commission adopts.
19 The schedule must provide for the commission to evaluate each tax
20 exemption at an interval not to exceed six years. The commission
21 shall provide the schedule to the governor, lieutenant governor,
22 speaker of the house of representatives, and presiding officers of
23 the senate finance committee and the house ways and means
24 committee.

1 (d) The commission's evaluation of each tax exemption must:

2 (1) include an evaluation of the exemption's effect
3 on:

4 (A) revenue received from taxes imposed by the
5 chapter providing the exemption;

6 (B) the entities that receive the exemption;

7 (C) sales of property, goods, and services made
8 in this state, where applicable; and

9 (D) economic investment and growth in this state;

10 (2) take into account any other factors the commission
11 considers relevant in evaluating the exemption;

12 (3) consider whether retaining the exemption is in the
13 public's best interest; and

14 (4) make recommendations for retaining or repealing
15 the exemption, or for amending a provision related to the
16 exemption.

17 (e) At each regular legislative session, the commission
18 shall present to the legislature and the governor a report on the
19 evaluation and recommendations it makes under Subsection (d). The
20 report must include drafts of any legislation needed to carry out
21 the commission's recommendations under that subsection.

22 (f) The evaluation described by this section does not apply
23 to a tax exemption that is:

24 (1) explicitly provided by the constitution of this
25 state; or

26 (2) for an item or service that this state is unable to
27 tax under the United States Constitution or federal law.

1 SECTION 2. Subchapter C, Chapter 11, Tax Code, is amended by
2 adding Section 11.49 to read as follows:

3 Sec. 11.49. SUNSET PROVISION FOR PROPERTY TAX EXEMPTIONS.

4 (a) The exemptions provided by this chapter from the taxes imposed
5 by this chapter are subject to periodic evaluation by the Sunset
6 Advisory Commission under Section 325.026, Government Code,
7 according to a schedule that the commission adopts under that
8 section.

9 (b) A tax exemption provided by this chapter that is the
10 subject of a Sunset Advisory Commission evaluation under Section
11 325.026, Government Code, and a section or part of a section that
12 provides the exemption are repealed on December 31 of the year in
13 which the commission presents its evaluation to the legislature
14 unless the legislature retains the exemption.

15 (c) This section does not prohibit the legislature from
16 repealing an exemption from the taxes imposed by this chapter at a
17 date earlier than the date provided by this section.

18 (d) The evaluation described by Subsection (a) and the
19 repeal described by Subsection (b) do not apply to a tax exemption
20 that is explicitly provided by the constitution of this state.

21 SECTION 3. Chapter 101, Tax Code, is amended by adding
22 Section 101.010 to read as follows:

23 Sec. 101.010. SUNSET PROVISION FOR CERTAIN EXEMPTIONS FROM
24 STATE TAXES. (a) In this section, "exemption" includes:

25 (1) an exemption that is provided by the manner in
26 which a term is defined in Subchapter A, Chapter 151; and

27 (2) an exemption provided by Chapter 162 from the

1 taxes imposed by that chapter.

2 (b) The exemptions provided by Chapters 151, 152, 162, 171,
3 201, and 202 from the taxes imposed by those chapters are subject to
4 periodic evaluation by the Sunset Advisory Commission under Section
5 325.026, Government Code, according to a schedule that the
6 commission adopts under that section.

7 (c) A tax exemption that is the subject of a Sunset Advisory
8 Commission evaluation under Section 325.026, Government Code, and a
9 section or part of a section that provides the exemption are
10 repealed on December 31 of the year in which the commission presents
11 its evaluation to the legislature unless the legislature retains
12 the exemption.

13 (d) Subject to the Texas Constitution and to the extent
14 permissible under other law, the comptroller shall deposit an
15 amount of money equal to the increase in the amount of revenue
16 received by the state attributable to the repeal of a tax exemption
17 under Subsection (c) to the credit of an account in the foundation
18 school fund. Money in the account may be appropriated only to
19 provide pay increases for school district employees subject to the
20 minimum salary schedule under Section 21.402, Education Code.

21 (e) This section does not prohibit the legislature from
22 repealing an exemption from the taxes imposed by Chapters 151, 152,
23 162, 171, 201, and 202 at a date earlier than the date provided by
24 this section.

25 (f) The evaluation described by Subsection (b) and the
26 repeal described by Subsection (c) do not apply to a tax exemption
27 for an item or service that this state is unable to tax under the

1 United States Constitution or federal law.

2 SECTION 4. The Sunset Advisory Commission shall adopt a
3 schedule for evaluating exemptions from property taxes and state
4 taxes as provided by Section 325.026, Government Code, as added by
5 this Act, on or before January 1, 2020.

6 SECTION 5. This Act takes effect immediately if it receives
7 a vote of two-thirds of all the members elected to each house, as
8 provided by Section 39, Article III, Texas Constitution. If this
9 Act does not receive the vote necessary for immediate effect, this
10 Act takes effect September 1, 2019.