

By: Murphy

H.B. No. 4528

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the ad valorem taxation of a leasehold or other
3 possessory interest in certain property owned by a municipality.

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

5 SECTION 1. Section 25.07, Tax Code, is amended by amending
6 Subsection (b) and adding Subsection (d) to read as follows:

7 (b) Except as provided by Sections 11.11(b) and (c) and by
8 Subsection (d) of this section, a leasehold or other possessory
9 interest in exempt property may not be listed if:

10 (1) the property is permanent university fund land;

11 (2) the property is county public school fund
12 agricultural land;

13 (3) the property is a part of a public transportation
14 facility owned by a municipality or county and:

15 (A) is an airport passenger terminal building or
16 a building used primarily for maintenance of aircraft or other
17 aircraft services, for aircraft equipment storage, or for air
18 cargo;

19 (B) is an airport fueling system facility;

20 (C) is in a foreign-trade zone:

21 (i) that has been granted to a joint airport
22 board under Subchapter C, Chapter 681, Business & Commerce Code;

23 (ii) the area of which in the portion of the
24 zone located in the airport operated by the joint airport board does

1 not exceed 2,500 acres; and

2 (iii) that is established and operating
3 pursuant to federal law; or

4 (D)(i) is in a foreign trade zone established
5 pursuant to federal law after June 1, 1991, that operates pursuant
6 to federal law;

7 (ii) is contiguous to or has access via a
8 taxiway to an airport located in two counties, one of which has a
9 population of 500,000 or more according to the federal decennial
10 census most recently preceding the establishment of the foreign
11 trade zone; and

12 (iii) is owned, directly or through a
13 corporation organized under the Development Corporation Act
14 (Subtitle C1, Title 12, Local Government Code), by the same
15 municipality that owns the airport;

16 (4) the interest is in a part of:

17 (A) a park, market, fairground, or similar public
18 facility that is owned by a municipality; or

19 (B) a convention center, visitor center, sports
20 facility with permanent seating, concert hall, arena, or stadium
21 that is owned by a municipality as such leasehold or possessory
22 interest serves a governmental, municipal, or public purpose or
23 function when the facility is open to the public, regardless of
24 whether a fee is charged for admission;

25 (5) the interest involves only the right to use the
26 property for grazing or other agricultural purposes;

27 (6) the property is:

1 (A) owned by a municipality, a public port, or a
2 navigation district created or operating under Section 59, Article
3 XVI, Texas Constitution, or under a statute enacted under Section
4 59, Article XVI, Texas Constitution; and

5 (B) used as an aid or facility incidental to or
6 useful in the operation or development of a port or waterway or in
7 aid of navigation-related commerce; or

8 (7) the property is part of a rail facility owned by a
9 rural rail transportation district operating under Chapter 172,
10 Transportation Code.

11 (d) Subsection (b)(4)(B) does not prohibit the listing of a
12 leasehold or other possessory interest in real property for
13 purposes of taxation of the possessory interest by a taxing unit
14 other than the municipality that owns the property unless the
15 governing body of the taxing unit approves the exemption of the
16 possessory interest in the manner provided by law for official
17 action by the governing body.

18 SECTION 2. The change in law made by this Act applies only
19 to the taxation for a tax year beginning on or after the effective
20 date of this Act of a leasehold or other possessory interest in a
21 facility completed after January 1, 2019.

22 SECTION 3. This Act takes effect January 1, 2020.