

1-1 By: Bettencourt S.B. No. 1771
 1-2 (In the Senate - Filed March 6, 2019; March 14, 2019, read
 1-3 first time and referred to Committee on Property Tax; May 6, 2019,
 1-4 reported adversely, with favorable Committee Substitute by the
 1-5 following vote: Yeas 3, Nays 2; May 6, 2019, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Bettencourt	X			
1-8 Paxton	X			
1-9 Creighton	X			
1-10 Hancock		X		
1-11 Hinojosa		X		

1-13 COMMITTEE SUBSTITUTE FOR S.B. No. 1771 By: Bettencourt

1-14 A BILL TO BE ENTITLED
 1-15 AN ACT

1-16 relating to the ad valorem taxation of a leasehold or other
 1-17 possessory interest in certain property owned by a municipality.
 1-18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:
 1-19 SECTION 1. Section 25.07, Tax Code, is amended by amending
 1-20 Subsection (b) and adding Subsection (d) to read as follows:
 1-21 (b) Except as provided by Sections 11.11(b) and (c) and by
 1-22 Subsection (d) of this section, a leasehold or other possessory
 1-23 interest in exempt property may not be listed if:
 1-24 (1) the property is permanent university fund land;
 1-25 (2) the property is county public school fund
 1-26 agricultural land;
 1-27 (3) the property is a part of a public transportation
 1-28 facility owned by a municipality or county and:
 1-29 (A) is an airport passenger terminal building or
 1-30 a building used primarily for maintenance of aircraft or other
 1-31 aircraft services, for aircraft equipment storage, or for air
 1-32 cargo;
 1-33 (B) is an airport fueling system facility;
 1-34 (C) is in a foreign-trade zone:
 1-35 (i) that has been granted to a joint airport
 1-36 board under Subchapter C, Chapter 681, Business & Commerce Code;
 1-37 (ii) the area of which in the portion of the
 1-38 zone located in the airport operated by the joint airport board does
 1-39 not exceed 2,500 acres; and
 1-40 (iii) that is established and operating
 1-41 pursuant to federal law; or
 1-42 (D)(i) is in a foreign trade zone established
 1-43 pursuant to federal law after June 1, 1991, that operates pursuant
 1-44 to federal law;
 1-45 (ii) is contiguous to or has access via a
 1-46 taxiway to an airport located in two counties, one of which has a
 1-47 population of 500,000 or more according to the federal decennial
 1-48 census most recently preceding the establishment of the foreign
 1-49 trade zone; and
 1-50 (iii) is owned, directly or through a
 1-51 corporation organized under the Development Corporation Act
 1-52 (Subtitle C1, Title 12, Local Government Code), by the same
 1-53 municipality that owns the airport;
 1-54 (4) the interest is in a part of:
 1-55 (A) a park, market, fairground, or similar public
 1-56 facility that is owned by a municipality; or
 1-57 (B) a convention center, visitor center, sports
 1-58 facility with permanent seating, concert hall, arena, or stadium
 1-59 that is owned by a municipality as such leasehold or possessory
 1-60 interest serves a governmental, municipal, or public purpose or

2-1 function when the facility is open to the public, regardless of
2-2 whether a fee is charged for admission;
2-3 (5) the interest involves only the right to use the
2-4 property for grazing or other agricultural purposes;
2-5 (6) the property is:
2-6 (A) owned by a municipality, a public port, or a
2-7 navigation district created or operating under Section 59, Article
2-8 XVI, Texas Constitution, or under a statute enacted under Section
2-9 59, Article XVI, Texas Constitution; and
2-10 (B) used as an aid or facility incidental to or
2-11 useful in the operation or development of a port or waterway or in
2-12 aid of navigation-related commerce; or
2-13 (7) the property is part of a rail facility owned by a
2-14 rural rail transportation district operating under Chapter 172,
2-15 Transportation Code.
2-16 (d) Subsection (b)(4)(B) does not prohibit the listing of a
2-17 leasehold or other possessory interest in real property for
2-18 purposes of taxation of the possessory interest by a taxing unit
2-19 other than the municipality that owns the property unless:
2-20 (1) the governing body of the taxing unit approves the
2-21 exemption of the possessory interest in the manner provided by law
2-22 for official action by the governing body; or
2-23 (2) the financing by the municipality of the
2-24 construction of the facility on the property was authorized by the
2-25 voters of the municipality at an election held by the municipality.
2-26 SECTION 2. This Act applies only to the taxation of property
2-27 for a tax year beginning on or after the effective date of this Act.
2-28 SECTION 3. The change in law made by this Act applies only
2-29 to the taxation of a leasehold or other possessory interest in real
2-30 property that is granted on or after the effective date of this Act.
2-31 The taxation of a leasehold or other possessory interest in real
2-32 property that is granted before the effective date of this Act,
2-33 including a leasehold or other possessory interest that is granted
2-34 before that date and is renewed on or after that date, is governed
2-35 by the law as it existed immediately before the effective date of
2-36 this Act, and that law is continued in effect for that purpose.
2-37 SECTION 4. This Act takes effect September 1, 2019.

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