

BILL ANALYSIS

S.B. 1315
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

In Texas, a lessee who holds a leasehold interest in property that is being leased from a navigation district is exempt from paying property taxes on that leasehold interest if the property being leased is used as an aid or facility incidental to or useful in the operation or development of a port or waterway or in aid of navigation-related commerce. Under current law, a county appraisal district makes its determination regarding the character of the activities a lessee engages in to determine whether the activities are used in aid of navigation-related commerce and thus qualify for the property tax exemption. Since the Tax Code does not define "navigation-related commerce," county appraisal districts may apply different standards in determining what meets the definition of navigation-related commerce. Application of different standards could affect industry and the economic development of a community in one navigation district over another should lessees choose to enter into leases in other navigation districts that construe navigation-related commerce broadly. S.B. 1315 seeks to promote equal footing in economic development by clarifying the conditions under which certain property is considered to be used in aid of navigation-related commerce for purposes of the application of certain property tax laws.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 1315 amends the Tax Code to establish the conditions under which property is considered to be used as an aid or facility incidental to or useful in the operation or development of a port or waterway or in aid of navigation-related commerce for purposes of the prohibition against a leasehold or other possessory interest in certain exempt property being listed in the name of the owner of the possessory interest. The property must meet one of the following conditions:

- the property is leased to a person engaged in the business of navigation-related commerce or for certain navigation district purposes or for the placement on the property of a related improvement;
- the property is located adjacent to a federal navigation project or in a foreign trade zone established and operated under federal law; or
- the property includes part of a rail facility that serves the tenants and users of the port or waterway.

S.B. 1315 establishes that "navigation-related commerce" includes the following if engaged in by a person:

- an activity that requires the person to hold a maritime-related license or permit issued by a navigation district, including providing stevedoring, steamship agency, towing, tugboat, or line handling services;
- an activity that requires the person to hold a franchise issued by a navigation district;
- possessing a leasehold interest in property owned by a navigation district that connects infrastructure to a public dock;
- hauling cargo into or across a public dock;
- commercial fishing;
- constructing, fabricating, cleaning, repairing, dismantling, or recycling vessels;
- pilotage; or
- certain navigation district activities.

EFFECTIVE DATE

September 1, 2021.