

BILL ANALYSIS

Senate Research Center

H.B. 846
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Finance
5-8-97
Engrossed

DIGEST

Currently, property acquired for public use by the state or a political subdivision, through a lease-purchase agreement, is subject to ad valorem taxation throughout the lease period. Private companies which lease property to the state or political subdivisions retain the title to that property throughout the lease agreement, and thus are responsible for paying ad valorem taxes on the property, even though it is in a public use. These private companies may cover the costs of paying the ad valorem taxes by charging the state and subdivisions higher rental prices. Such higher prices could impede political subdivisions with smaller budgets. H.B. 846 allows for an exemption from ad valorem taxation for property that is acquired for public use by the state or a political subdivision through a lease-purchase agreement.

PURPOSE

As proposed, H.B. 846 allows for an exemption from ad valorem taxation for property that is acquired for public use by the state or a political subdivision through a lease-purchase agreement.

RULEMAKING AUTHORITY

This bill does not grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 11.11, Tax Code, by adding Subsection (h), to set forth situations in which tangible personal property is owned by this state or a political subdivision of this state. Provides that tangible personal property ceases to be owned by this state or a political subdivision of this state, if the state does not exercise its right to acquire legal title to the property within a certain period of time.

SECTION 2. Effective date: January 1, 1998.

SECTION 3. Emergency clause.