

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1336
By: Estes
Natural Resources
4/21/2007
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Many rural economies significantly benefit from tourism because small towns possess a certain character that many tourists want to experience, including main streets. Towns are able to revitalize their main streets through it participation in either the Main Street Improvement Program or the Downtown Revitalizing Program, administered by the Texas Department of Agriculture (TDA). These programs offer communities the ability to improve infrastructure for the purpose of bringing new life to the town. It is not a requirement for buildings to be revitalized; many building owners are not interested in revitalizing and others are not able to revitalize their buildings because their property taxes will increase to a level not supported by their business.

C.S.S.B. 1336 authorizes the governing body of a municipality to limit municipal taxes that may be imposed on real property in an area that has been approved for funding under the programs administered by TDA and provides that the limit expires on the earlier of January 1 of the sixth year following the tax year in which the governing body establishes the limitation under this section, or January 1 of the first year in which the owner of the property when the limitation takes effect ceases to own the property.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Subchapter B, Chapter 11, Tax Code, by adding Section 11.34, as follows:

Sec. 11.34. LIMITATION OF TAXES ON REAL PROPERTY IN DESIGNATED AREAS OF CERTAIN MUNICIPALITIES. (a) Provides that this section applies only to a municipality having a population of less than 10,000.

(b) Authorizes the governing body of a municipality, acting under the authority of Section 1-o, Article VIII, Texas Constitution, to call an election in the municipality to permit the voters of the municipality to determine whether to authorize the governing body to enter into an agreement with an owner of real property in or adjacent to an area in the municipality that has been approved for funding under the programs administered by the Texas Department of Agriculture (TDA) as described by Section 1-o, Article VIII, Texas Constitution, under which the parties agree that the ad valorem taxes imposed by any political subdivision on the owner's real property are prohibited from increasing for the first five tax years after the tax year in which the agreement is entered into, subject to the terms and conditions provided by the agreement.

(c) Requires the tax officials, if the authority to limit tax increases under this section is approved by the voters and the governing body of the municipality enters into an agreement to limit tax increases under this section, to appraise the property to which the limitation applies and calculate taxes as on other property, but provides that if the tax so calculated exceeds the limitation established under

this section, the tax imposed is the amount of the tax as limited by this section, except as provided by Subsections (f) and (g).

(d) Requires an agreement to limit tax increases under this section to be established before December 31 of the tax year in which the election was held.

(e) Prohibits the taxing unit from increasing the total annual amount of ad valorem taxes the taxing unit imposes on the property above the amount of the taxes the municipality imposed on the property in the tax year in which the governing body of the municipality entered into an agreement to limit tax increases under this section.

(f) Provides that, subject to Subsection (g), an agreement to limit tax increases under this section expires on the earlier of January 1 of the sixth year following the tax year in which the agreement was entered into, or January 1 of the first year in which the owner of the property when the agreement was entered into ceases to own the property.

(g) Provides that if the property subject to an agreement to limit tax increases under this section is owned by two or more persons, the limitation expires on January of the first tax year following the year in which the ownership of at least a 50 percent interest in the property is sold or otherwise transferred.

SECTION 2. Effective date: January 1, 2008, contingent on approval by the voters of the constitutional amendment authorizing the legislature to permit a municipality with a population of less than 10,000 to provide that municipal ad valorem taxes imposed on real property in or adjacent to an area that has qualified for funding under certain revitalization or redevelopment programs administered by the TDA not be increased for the first five tax years after the tax year in which the limitation on municipal tax increases is established is approved by the voters. Makes application of this Act prospective.