

BILL ANALYSIS

Senate Research Center

S.B. 1469
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Pollution control equipment has been exempt from property taxes since 1993, when voters approved a constitutional amendment aimed at preventing industry from paying taxes on equipment that was required to comply with state or federal regulations. About 16,000 exemptions have been granted worth about \$6 billion in value since that time.

Once the exemption has been granted, there is no review to ensure the equipment continues to meet the constitutional requirements. Some of the industrial pollution control equipment was originally exempted more than 20 years ago and that equipment may now be standard equipment because it is more cost effective and efficient.

S.B. 1469 requires property owners to reapply for the pollution control equipment exemption every three years to ensure the constitutional requirements continue to be met.

As proposed, S.B. 1469 amends current law relating to regular reapplication for certain pollution control exemptions from ad valorem taxation granted for certain property.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 11.31, Tax Code, by adding Subsection (1-1), as follows:

(1-1) Requires person to only be entitled to a property tax exemption under this section for three (3) years after the executive director of the Texas Commission on Environmental Quality (TCEQ) issues a letter stating that the person's property is a pollution control property unless the person files a new application under Subsection (c) (requiring a person applying for an exemption under this section to provide certain information to the executive director of TCEQ) of this section. Requires that part of the application process under this subsection contain a showing of proof that the property exempted is still in existence at the property and is still installed wholly or partly to meet or exceed existing rules or regulations adopted by any environmental protection agency of the United States, this state, or a political subdivision of this state for the prevention, monitoring, control, or reduction of air, water, or land pollution. Provides that no exemption granted under this section may extend beyond 3 years from the time the executive director issues a letter renewing the original tax exemption for pollution control property unless the person reapplies for the pollution control property exemption.

SECTION 2. Provides that the change in law made by this Act applies to all existing and future ad valorem tax exemptions granted under Section 11.31 for a tax year beginning on or after one year after the effective date of this Act.

SECTION 3. Effective date: September 1, 2015.