

## **BILL ANALYSIS**

Senate Research Center

H.B. 3610  
By: Gervin-Hawkins et al. (Springer)  
Finance  
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Engrossed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, school districts, private nonprofit schools, and charter schools that own their facilities are exempt from property taxes. However, public charter schools that lease their facilities, which often include new or growing schools, must use state funds to cover both operations and facility costs. These schools do not have the ability to levy taxes and work with limited funds. H.B. 3610 seeks to address this issue by providing for a property tax exemption for certain real property leased to and used by a charter school.

H.B. 3610 amends current law relating to the applicability of certain laws to certain public schools and certain requirements of a charter school that receives certain tax exemptions.

### **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 12.1058(a), Education Code, as follows:

(a) Provides that an open-enrollment charter school is considered to be a political subdivision for purposes of Section 16.061 (Rights Not Barred), Civil Practice and Remedies Code, with respect to any property purchased, leased, constructed, renovated, or improved with state funds under Section 12.128 (Property Purchased or Leased with State Funds) of this code and a political subdivision for purposes of Section 11.11 (Public Property), Tax Code. Makes a nonsubstantive change.

SECTION 2. Amends Section 12.128, Education Code, by amending Subsections (a) and (a-1), as follows:

(a) Provides that property purchased with funds received by a charter holder under Section 12.106 (State Funding), rather than property purchased with funds received by a charter holder under Section 12.106 after September 1, 2001, is exempt from ad valorem taxation as provided by Section 11.11, Tax Code. Makes a nonsubstantive change.

(a-1) Makes conforming and nonsubstantive changes.

SECTION 3. Amends Section 12.128, Education Code, by adding Subsection (a-2), as follows:

(a-2) Requires the owner of property that receives a tax exemption under Subsection (a) to transfer the amount of tax savings from the exemption to the tenant or reduce the common area maintenance fee in a proportionate amount based upon the square footage of the exempt portion of the property.

SECTION 4. Amends Subchapter B, Chapter 11, Tax Code, by adding Section 11.211, as follows:

Sec. 11.211. REAL PROPERTY LEASED TO CERTAIN SCHOOLS. Provides that the portion of real property that is leased to an independent school district, community college district, or open-enrollment charter school authorized by Subchapter C (Campus or Campus Program Charter), D (Open-Enrollment Charter School), or E (College or University or Junior College Charter School), Chapter 12 (Charters), Education Code, is qualified and exempt from taxation pursuant to Sections 11.11 and 11.21 (Schools) of this code if the portion of the real property that is leased to the public school is:

- (1) used exclusively by the public school for the operation or administration of the school or the performance of other educational functions of the school; and
- (2) reasonably necessary for a purpose described in Subdivision (1) as found by the school's governing body.

SECTION 5. Makes application of this Act prospective.

SECTION 6. Effective date: September 1, 2021.