

## **BILL ANALYSIS**

Senate Research Center

H.B. 1448  
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Engrossed

### **DIGEST AND PURPOSE**

A recent attorney general opinion determined that cities and counties do not have the authority to offer a tax abatement agreement to a company holding a lease on city or county property, although it has long been the practice of cities and counties to do so. H.B. 1448 clarifies the law to expressly authorize the governing body of a municipality to provide a tax abatement agreement, for a period not to exceed 10 years, to an owner of a leasehold interest in specified tax-exempt real property that is located in a reinvestment zone.

### **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 312.204(a), Tax Code, to delete a provision making certain tax abatement agreements subject to the rights of holders of outstanding bonds of the municipality. Authorizes the governing body of an eligible municipality to agree in writing with the owner of a leasehold interest in tax-exempt real property that is located in a reinvestment zone, but that is not in an improvement project financed by tax increment bonds, to exempt a portion of the value of property subject to ad valorem taxation, including the leasehold interest, improvements, or tangible personal property located on the real property, for a period not to exceed 10 years, on the condition that the owner of the leasehold interest make specific improvements or repairs to the real property. Provides that a tax abatement agreement under this section is subject to the rights of holders of outstanding bonds of the municipality. Authorizes an agreement exempting taxable real property or leasehold interests or improvements on tax-exempt real property to provide for the exemption of such taxable interests, rather than the real property, in each year covered by the agreement only to a certain extent. Authorizes an agreement exempting tangible personal property located on taxable or tax-exempt real property to provide for the exemption of certain tangible personal property in each year covered by the agreement other than tangible personal property that was located on the real property at any time before the period covered by the agreement, including, rather than other than, inventory and supplies.

SECTION 2. Amends Section 312.210(b), Tax Code, to require a tax abatement agreement with the owner of tangible personal property that is located in the reinvestment zone and in a school district that has a wealth per student that does not exceed a certain level to exempt from taxation certain amounts.

SECTION 3. Amends Section 312.402(a), Tax Code, to authorize the court to execute a tax abatement agreement with the owner of a leasehold interest in tax-exempt real property or leasehold interests or improvements on tax-exempt real property that is located in a reinvestment zone designated under this subchapter to exempt a portion of the value of tangible personal property or leasehold interests or improvements on tax-exempt real property located on the real property.

SECTION 4. Provides that an agreement with the owner of a leasehold interest in tax-exempt property to exempt a portion of the value of tangible personal property located on the real property as

described by Section 312.204(a), 312.210(b), or 312.402(a), Tax Code, as amended by this Act, that was entered into before the effective date of this Act is validated as of the date the agreement was entered into.

SECTION 5. Effective date: upon passage or September 1, 2001.