

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 1711
By: Van de Putte
Intergovernmental Relations
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Committee Report (Substituted)

DIGEST AND PURPOSE

Under current law, taxing units are able to offer tax abatement incentives to owners of certain types of real property. However, they are unable to offer the same tax abatement incentives to owners of leasehold interests. Tax abatement can be a useful tool in stimulating economic investment and development. C.S.S.B. 1711 allows taxing units to enter into tax abatement agreements with the owners of leasehold interests.

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 Chapter 312A, Tax Code, by adding Section 312.007, as follows:

Sec. 312.007. TAX ABATEMENT APPLICABLE TO LEASEHOLD INTEREST.

Provides that, for purposes of tax abatement under this chapter, the owner of a leasehold interest in real property is considered to be the owner of real property, and a reference to the owner's real property in a provision of this chapter applicable to a tax abatement agreement applies to the leased premises subject to the leasehold interest. Authorizes a tax abatement agreement entered into by a taxing unit under this chapter with the owner of a leasehold interest to apply to the taxable value, if any, of the leasehold interest in the same manner as a tax abatement agreement with the owner of real property would apply to the taxable value of the real property; and tangible personal property located on the leased premises in the same manner as a tax abatement agreement with the owner of the real property would apply to the tangible personal property located on the real property.

SECTION 2. Effective date: upon passage or September 1, 2001.

SUMMARY OF COMMITTEE CHANGES

Amends As Filed S.B. 1711 as follows:

Omits original SECTIONS 1 - 5.

Adds new SECTION 1.

SECTION 2. Redesignates some text from original SECTION 5. Provides that the effective date of this Act is upon passage or September 1, 2001.