

BILL ANALYSIS

Senate Research Center
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S.B. 985
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Intergovernmental Relations
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DIGEST AND PURPOSE

Under current law, municipalities are able to offer tax abatement incentives on real property. However, they are unable to offer the same tax abatement incentives to property owners who lease personal property. Tax abatement can be a useful in stimulating economic investment and development. As proposed, S.B. 985 allows municipalities to offer tax abatement incentives to property owners who lease personal 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 312.204(a), Tax Code, to delete text regarding 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 real property that is located in a reinvestment zone to exempt a portion of the value of tangible personal property located on the real property, for a period not to exceed 10 years, on certain conditions. 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 to provide for the exemption of the real property in each year covered by the agreement only to the extent its value for that year exceeds its value for the year in which the agreement is executed. Authorizes an agreement exempting tangible personal property located on real property to provide for the exemption of tangible personal property located on the real 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 with the municipality, and other than inventory or supplies.

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