

BILL ANALYSIS

Senate Research Center
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C.S.H.B. 1278
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Finance
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Committee Report (Substituted)

DIGEST AND PURPOSE

Current law allows cities to regulate the construction, reconstruction, alteration, or razing of buildings or other structures that have historical, cultural, or architectural significance. In recent years, several instances have arisen in which an attempted church expansion is hindered by a historic zoning designation granted by a municipality. In 1997, a dispute between a church in Boerne and the City of Boerne over the church's alteration resulted in a ruling by the United States Supreme Court which overturned an Act of Congress on which the church had relied.

Other religious entities throughout Texas are preparing for future growth by purchasing land for expansion, and some local taxing entities are taxing this undeveloped property.

C.S.H.B. 1278 provides that a property owned by a tax-exempt religious organization is exempt from municipal regulation as a place of historical, cultural, or historical significance and is exempt from municipal platting requirements. C.S.H.B. 1278 also prohibits local entities from taxing non-revenue generating property owned by religious organizations.

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 11.20, Tax Code, by amending Subsection (a) and adding Subsection (h) and (i), as follows:

(a) Provides that an organization that qualifies as a religious organization as provided by Subsection (c), rather than Subsection (c) of this section, is entitled to an exemption from taxation on certain property under certain conditions. Makes conforming changes.

(h) Prohibits a tract of land that is contiguous to the tract of land on which the religious organization's place of regular religious worship is located from being exempted under Subsection (a)(6) for more than six years. Prohibits a tract of land that is not contiguous to the tract of land on which the religious organization's place of regular religious worship is located from being exempted under Subsection (a)(6) for more than three years. Provides that for purposes of this subsection, a tract of land is considered to be contiguous with another tract of land if the tracts are divided only by a road, railroad track, river, or stream.

(i) Provides that for purposes of Subsection (a)(6), an application or statement accompanying an application for the exemption stating that the land is owned for the purposes described by Subsection (a)(6) and signed by an authorized officer of the organization is sufficient to establish that the land is owned for those purposes.

SECTION 2. Amends Subchapter B, Chapter 11, Tax Code, by adding Section 11.201, as follows:

Sec. 11.201. ADDITIONAL TAX ON SALE OF CERTAIN RELIGIOUS ORGANIZATION PROPERTY.

(a) Provides that if land is sold or otherwise transferred to another person in a year in which the land receives an exemption under Section 11.20(a)(6), an additional tax is imposed on the land equal to the tax that would have been imposed on the land had the land been taxed for each of the five years preceding the year in which the sale or transfer occurs in which the land received an exemption under that subsection, plus interest at an annual rate of seven percent calculated from the dates on which the taxes would have become due.

(b) Provides that a tax lien attaches to the land on the date the sale or transfer occurs to secure payment of the tax and interest imposed by this section and any penalties incurred. Provides that the lien exists in favor of all taxing units for which the tax is imposed.

(c) Provides that if only part of a parcel of land that is exempted under Section 11.20(a)(6) is sold or transferred, the tax applies only to that part of the parcel and equals the taxes that would have been imposed had that part been taxed.

(d) Requires the assessor for each taxing unit to prepare and deliver a bill for the additional taxes plus interest as soon as practicable after the sale or transfer occurs. Provides that the taxes and interest are due and become delinquent and incur penalties and interest as provided by law for ad valorem taxes imposed by the taxing unit if not paid before the next February 1 that is at least 20 days after the date the bill is delivered to the owner of the land.

(e) Provides that the sanctions provided by Subsection (a) do not apply if the sale or transfer occurs as the result of certain actions.

SECTION 3. Effective date: January 1, 2004, if a certain constitutional amendment is passed by voters. Makes application of this Act prospective.