

BILL ANALYSIS

Senate Research Center

H.B. 316
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law exempts "public" entities, such as a rural railroad district (RRD) or an airport owned by a local government, from paying taxes.

Section 8, Article 6550c (Rural Rail Transportation Districts), Vernon's Texas Civil Statutes, exempts the property, revenues, and income of an RRD and the interest on bonds and notes issued by an RRD from all taxes levied by the state or a political subdivision of the state. RRDs may lack expertise in operating and maintaining the railroad and consequently may contract with outside parties that possess such expertise. Currently, the Tax Code does not specify that such a contract entered into by an RRD does not affect the RRD's tax status.

There are approximately 17,000 airports in Texas, and 300 of those airports are owned by local governments (city or county). Of those owned by a local government, only 200 are tax exempt because under current law only municipally owned airports are exempt from property taxes; county-owned airports are not.

H.B. 316 clarifies that a leasehold or other possessory interest in exempt property is not to be listed if the property is a part of a public transportation facility owned by a municipality or county, thereby exempting the owner of the leasehold or possessory interest from paying taxes. The impact of the bill is that municipally owned airports would be exempt from paying taxes and the tax exemption of an RRD is unaffected if it enters into a contract.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to any state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 25.07(b), Tax Code, as follows:

(b) Prohibits a leasehold or other possessory interest in exempt property from being listed, except as provided by Sections 11.11(b) and (c), Tax Code, if the property is a part of a public transportation facility owned by a municipality or county, rather than an incorporated city or town, and meets certain other criteria; if the interest is in a part of a certain public facility that is owned by a municipality or a certain facility with permanent seating, concert hall, arena, or stadium that is owned by a municipality as such leasehold or possessory interest serves a governmental, municipal, or public purpose or function when the facility is open to the public, regardless of whether a fee is charged for admission; or if the property is part of a rail facility owned by a rural rail transportation district created or operating under Chapter 623, Acts of the 67th Legislature, Regular Session, 1981 (Article 6550c, V.T.C.S.). Makes conforming changes.

SECTION 2. Effective date: January 1, 2008.