

BILL ANALYSIS

Senate Research Center
86R8298 SMT-F

S.B. 579
By: Hughes
Property Tax
3/25/2019
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

TexAmericas Center is a special purpose district whose purpose is to accept title of closed military bases and to promote the development of new businesses, industries, commercial activities on or related to the property and to undertake such projects as necessary to accomplish that purpose. Job creation is a priority.

The purpose of TexAmericas Center is thus substantially similar to a defense base development authority created under Chapter 379B of the Local Government Code. It is also similar in purpose to a Type B development corporation organized under Chapter 505 of the Local Government Code. The legislation governing both the defense base redevelopment authorities and the Type B development corporations classify the property and projects of those entities as being owned, used, and held for a public purpose and specifically provide that the property is not taxable under Section 11.11, Tax Code, and that Section 2507(a) of the Tax Code does not apply to a leasehold or other possessory interest in property owned by those entities.

TexAmericas Center, a redevelopment authority for closed military bases that was created prior to the enactment of Chapter 379B of the Local Government Code, does not enjoy the same benefits as those types of entities or of Type B development corporations. It is thus at a disadvantage when competing for new companies to come to the property owned by TexAmericas Center for purposes of economic development and job creation. S.B. 579 puts TexAmericas on an equal footing with other defense base redevelopment authorities and Type B development corporations.

As proposed, S.B. 579 amends current law relating to the exemption from ad valorem taxation of certain property owned by the TexAmericas Center.

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 Subchapter D, Chapter 3503, Special District Local Laws Code, by adding Section 3503.1541, as follows:

Sec. 3503.1541. CERTAIN PROPERTY EXEMPT FROM TAXATION. (a) Provides that a leasehold or other possessory interest granted to a person by the TexAmericas Center (authority) or by a nonprofit corporation holding title for the authority is owned, used, and held for a public purpose for and on behalf of the authority and is exempt from taxation under Section 11.11 (Public Property), Tax Code.

(b) Provides that Section 25.07(a) (relating to requiring that a leasehold or possessory interest in tax-exempt property be listed in the name of the owner of the possessory interest), Tax Code, does not apply to a leasehold or other possessory interest granted to a person by the authority or by a nonprofit corporation holding title for the authority during the period the authority or

nonprofit corporation owns the estate or interest encumbered by the possessory interest.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: January 1, 2020.