

SUBJECT: Allowing law enforcement charitable association property tax exemption

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 5 ayes — J. Keffer, Paxton, Ritter, Smithee, Woolley

0 nays

4 absent — Villarreal, Edwards, Grusendorf, Luna

WITNESSES: For — Charlie Baker, Gale A. McMullen, and Robert Strickland, Smith County Peace Officer Association; Michael Barnett

Against — None

DIGEST: CSHJR 32 would amend the Texas Constitution to authorize the Legislature to permit a local governing body to exempt from ad valorem taxation property owned by nonprofit peace officer associations that provide assistance to officers, their families and dependents. Such exemptions, subject to limitations, retroactively could be applied to taxes imposed on one or more years after 2000.

The proposal would be presented to the voters at an election on November 8, 2005. The ballot proposal would read: “The constitutional amendment authorizing the legislature to permit the governing body of a political subdivision to exempt from ad valorem taxation property of certain nonprofit law enforcement associations.”

SUPPORTERS SAY: CSHJR 32 would help rectify a particular situation in Smith County. In 2000, the city of Tyler and Smith County donated property and a training facility to the Smith County Peace Officers Association. The property was added to the local tax roll in 2001, and in 2002 the association filed for an exemption on the property, presuming it would qualify. However, the property did not qualify, and now the association owes about \$30,000 in property taxes. CSHJR 32 retroactively would permit exemption of the property’s delinquent taxes and allow the association to file for exemptions on future property taxes.

The facility provides a base for Smith County peace officer training and

regularly is the location for required Texas Commission on Law Enforcement Officer Standards Education (TCLEOSE) training. In addition, through membership dues and fundraising, the association is able to conserve local agency funds by offering training at its facility for no charge, which greatly benefits local peace officers who normally must travel outside of their counties and pay for TCLEOSE training. In 2004, more than 1,200 officers received training there from licensed instructors. Federal and state officers also use the facility free of charge.

Since 2000, the association has provided support to officers and their families, granted scholarships, and contributed to health care costs. It also holds food drives and charitable events for the community.

CSHJR 32 would not place local governmental units in a financial bind by requiring them to exempt property from taxation. It would apply only to a very limited number of properties, and the exemption would require local government approval. Removing the property from the Smith County tax roll would have a negligible impact because the county never has collected or relied upon that revenue. It is likely that other counties of this size would have similar experiences.

OPPONENTS
SAY:

CSHJR 32 would continue a trend toward more local tax exemptions and declining property tax revenues. As property value is taken off the tax rolls, local governments and taxing units experience financial constraints as local governments rely on property taxes to fund local services and meet state and federal mandates. New exemptions would reduce much needed revenue.

While allowing the Smith County Peace Officer Association facility to be removed from the local tax roll may have a negligible effect on tax revenues in this county, other counties may not be so fortunate. Adoption of this amendment would encourage other associations to organize for the sole purpose of receiving an exemption. Even though local governments would not be required to exempt any property, local officials would be under great pressure to grant exemptions to charitable peace officer associations even if they could not afford to do it.

NOTES:

Rather than requiring the exemptions, the committee substitute would authorize a local governing body to approve the exemptions.

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HB 726 by Berman, the enabling legislation for HJR 32, which would limit the exemption option to local taxing units in counties with a population of 250,000 or less, is on today's General State Calendar.