

## **BILL ANALYSIS**

S.B. 1030  
By: Taylor, Larry  
Ways & Means  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

Interested parties note that while state law provides a property tax exemption for eligible properties that are leased to schools, a property owner's entitlement to such a tax exemption does not extend to property leased to an open-enrollment charter school. S.B. 1030 seeks to address this disparity by entitling a person to an exemption from taxation of the real property that the person owns and leases to a qualified open-enrollment charter school under certain circumstances.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

S.B. 1030 amends the Tax Code to entitle a person to an exemption from taxation of the real property that the person owns and leases to a qualified open-enrollment charter school if the real property is used exclusively by the school for educational functions and is reasonably necessary for the operation of the school, the owner certifies by affidavit to the school that the rent for the lease of the real property will be reduced by an amount equal to the amount by which the taxes on the property are reduced as a result of the exemption, the owner provides the school with a disclosure document stating the amount by which the taxes on the real property are reduced as a result of the exemption and the method the owner will implement to ensure that the rent charged for the lease of the property fully reflects that reduction, and the rent charged for the lease of the real property reflects the reduction in the amount of taxes on the property resulting from the exemption through a monthly or annual credit against the rent. The bill exempts a leasehold interest in property for which the owner receives a property tax exemption under the bill's provisions from the application of statutory provisions relating to the requirement for a leasehold or other possessory interest in real property that is exempt from taxation to the owner of the estate or interest encumbered by the possessory interest to be listed in the name of the owner of the possessory interest if the duration of the interest may be at least one year.

### **EFFECTIVE DATE**

January 1, 2018, if the constitutional amendment authorizing the legislature to exempt from property taxation real property leased to certain schools organized and operated primarily for the purpose of engaging in educational functions is approved by the voters.