

BILL ANALYSIS

Senate Research Center

S.B. 1596
By: Ellis
Economic Development
4-16-97
As Filed

DIGEST

Currently, the Texas Voluntary Cleanup Program (VCP) administered by the Texas Natural Resource Conservation Commission provides incentives to encourage the cleanup of contaminated sites in Texas. Additional incentives may be needed. This bill would provide for an additional incentive for the development of such sites by creating a four-year property tax incentive to eligible individuals that clean up and redevelop eligible properties subject to a VCP agreement. Additionally, this bill would provide that school districts that offer the property the tax incentive would not be financially penalized for such an offer.

PURPOSE

As proposed, S.B. 1596 provides an incentive for the development of cleanup sites of contaminated areas by creating a four-year property tax incentive to eligible individuals that clean up and redevelop eligible properties subject to the Texas Voluntary Cleanup Program.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 312.002(a), Tax Code, to require the guidelines applicable to property other than property described by Section 312.211(a) to provide for the availability of tax abatement for both new facilities and structures and for the expansion or modernization of existing facilities and structures.

SECTION 2. Amends Sections 312.201(c) and (d), Tax Code, to provide that, under certain conditions, the reinvestment zone in which a property is considered to be located for purposes of executing an agreement under Section 312.211, among other sections, is determined by the comprehensive zoning ordinance, if any, of the municipality. Prohibits a governing board from adopting an ordinance designating an area as a reinvestment zone until the governing body has held a public hearing on the designation and has found that the improvements sought are feasible and practical and would be a benefit to the land to be included in the zone and to the municipality after the expiration of an agreement entered into under Section 312.211, as applicable, among other sections.

SECTION 3. Amends Section 312.2041(a), Tax Code, to make a conforming change.

SECTION 4. Amends Section 312.205, Tax Code, to make conforming changes.

SECTION 5. Amends Sections 312.206(a) and (c), Tax Code, to make conforming changes.

SECTION 6. Amends Chapter 312B, Tax Code, by adding Section 312.211, as follows:

Sec. 312.211. AGREEMENT BY MUNICIPALITY RELATING TO PROPERTY SUBJECT TO VOLUNTARY CLEANUP AGREEMENT. Provides that this section applies only to certain tangible personal property and real property. Authorizes the governing body of a municipality eligible to enter into a tax abatement agreement under Section 312.002 to

agree in writing with the owner of property described by Subsection (a) to exempt from taxation a portion of the value of the property for a period not to exceed four years. Provides that the agreement takes effect on January 1 of the next tax year after the date the owner receives a certificate of completion for the property under Section 361.609, Health and Safety Code. Authorizes the agreement to exempt from taxation certain property. Prohibits a property owner from receiving tax abatement under this section for the first tax year covered by the agreement unless the property owner includes with the application for an exemption under Section 11.28 filed with the chief appraiser of the appraisal district in which the property has situs a copy of the certificate of completion for the property. Provides that a certain property owner is not required to refile the certificate in a subsequent tax year to receive a tax abatement under this section for the property for that tax year. Requires the chief appraiser to accept a certificate of completion filed under Subsection (c) as conclusive evidence of the facts stated in the certificate. Authorizes the governing body of the municipality to cancel or modify the agreement under certain conditions. Authorizes a municipality to enter into a tax abatement agreement covering property described by Subsection (a) or under Section 312.204, but not both sections. Provides that Section 312.204 applies to an agreement entered into under this section except as otherwise provided by this section.

SECTION 7. Amends Section 312.402(a), Tax Code, to provide that the execution, duration, and other terms of a certain agreement under this section are governed by the provisions of Section 312.211, among other sections. Makes a conforming change.

SECTION 8. Amends Section 41.009(a), Tax Code, to require the commissioner of education to determine the wealth per student of a school district under this chapter as if any tax abatement agreement executed by a school district on or after May 31, 1993, other than a tax abatement agreement pertaining to property described by Section 312.211(a), Tax Code, had not been executed.

SECTION 9. Amends Section 403.302(d), Tax Code, to redefine "taxable value."

SECTION 10. Effective date: September 1, 1997.
 Makes application of this Act prospective to January 1, 1998.

SECTION 11. Emergency clause.