

BILL ANALYSIS

Senate Research Center

H.B. 3121
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Intergovernmental Relations
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Engrossed

DIGEST AND PURPOSE

Current law entitles a person to an exemption from ad valorem taxation for all or part of real and personal property used to control pollution. However, there has been some dispute over what is a reasonable percentage to be exempted because of changes to or the addition of new production equipment that results in an environmental improvement. H.B. 3121 specifies that rules adopted by the Texas Natural Resource Conservation Commission establish specific standards by which applications for the determination of whether property is used for pollution control be uniform and equal and ensure that property used for the production of goods and services not be exempt.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas Natural Resource Conservation Commission in SECTION 1 (Section 11.31, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 11.31, Tax Code, by amending Subsections (d)-(g) and adding Subsection (h)-(j), as follows:

(d) Requires the executive director of the Texas Natural Resource Conservation Commission (commission) to issue a letter to a person who has applied for a determination under this subsection stating the executive director's determination of whether the facility, device, or method is used wholly or partly to control pollution, and if applicable, the proportion of the property that is pollution control property. Requires the executive director to send a copy of the letter by regular mail to the chief appraiser of the appraisal district for the county in which the property is located.

(e) Authorizes the person seeking the exemption or the chief appraiser, not later than the 20th day after the date of receipt of the letter issued by the executive director, to appeal the executive director's determination to the commission. Requires the commission to consider the appeal at the next regularly scheduled meeting of the commission for which adequate notice may be given. Authorizes the person seeking the determination and the chief appraiser to testify at the meeting. Authorizes the commission to remand the matter to the executive director for a new determination or deny the appeal and affirm the executive director's determination. Requires the executive director, on issuance of a new determination, to issue a letter to the person seeking the determination and provide a copy to the chief appraiser as provided by Subsection (d). Authorizes a new determination of the executive director to be appealed to the commission in the manner provided by this subsection. Provides that a proceeding under this subsection is not a contested case for purposes of Chapter 2001, Government Code.

(f) Redesignated from Subsection (e) with a nonsubstantive change.

(g) Redesignated from Subsection (e). Requires, rather than authorizes, the commission to adopt rules to implement this section. Sets forth specific requirements for rules adopted under

this section.

(h) Prohibits the executive director from making a determination that property is pollution control property unless the property meets the standards established under rules adopted under this section.

(i) Redesignated from Subsection (f). Requires a person seeking an exemption under this section to provide to the chief appraiser a copy of the letter issued by the executive director under Subsection (d) determining that the facility, device, or method is used wholly or partly as pollution control property. Requires the chief appraiser to accept a final determination by, rather than the copy of the letter from, the executive director as conclusive evidence that the facility, device, or method is used wholly or partly as pollution control property.

(j) Redesignated from Subsection (g) with no changes.

SECTION 2. Effective date: September 1, 2001.