

BILL ANALYSIS

Senate Research Center

S.B. 2242
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Finance
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Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

S.B. 2242 solves a local problem specific to San Patricio and Nueces Counties in South Texas. It seeks to eliminate the double taxation of property due to jurisdictional disputes of like taxing units.

Since 1973 the boundaries between these two counties and other local taxing units have been in dispute. Since 2010, certain properties along the boundary have been taxed by both counties, creating a double taxation.

S.B. 2242 will allow a property owner to appeal directly to the Texas Supreme Court to resolve the boundary question and eliminate the taxing of the same property twice to the same property owner.

S.B. 2242 is supported by both Nueces County and San Patricio County judges. (Original Author's / Sponsor's Statement of Intent)

S.B. 2242 amends current law relating to the resolution of disputes or errors involving the ad valorem taxation of the same property by multiple taxing units of the same type as a result of disputed, overlapping, or erroneously applied boundaries.

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 Chapter 72, Local Government Code, by adding Section 72.010, as follows:

Sec. 72.010. SUIT TO ESTABLISH BOUNDARIES OF AND TAXES OWED TO CERTAIN COUNTIES OR TAXING UNITS LOCATED IN THOSE COUNTIES. (a) Defines "like taxing units" and "taxing unit."

(b) Provides that this section applies only to:

- (1) a county that has a population of less than 400,000 and contains a municipality with a population of at least 300,000;
- (2) a county that has a population of at least 50,000 and is adjacent to a county described by Subdivision (1); and
- (3) a taxing unit other than a county that has territory in a county described by Subdivision (1) or (2).

(c) Authorizes the property owner to, if as a result of disputed, overlapping, or erroneously applied geographic boundaries between like taxing units, multiple like taxing units have imposed ad valorem taxes on the same property, file suit in

the Texas Supreme Court (supreme court) to establish the correct geographic boundary between the taxing units and determine the amount of taxes owed on the property and the taxing unit or units to which the taxes are owed.

(d) Provides that the supreme court has original jurisdiction to hear and determine a suit filed under Subsection (c), and authorizes the supreme court to issue injunctive or declaratory relief in connection with the suit.

(e) Requires the supreme court to enter a final order determining a suit filed under Subsection (c) not later than the 90th day after the date the suit is filed.

SECTION 2. Amends Section 25.25, Tax Code, by adding Subsection (p), as follows:

(p) Requires the chief appraiser of each applicable appraisal district, not later than the 45th day after the date a dispute or error described by Section 72.010(c), Local Government Code, is resolved by an agreement between the taxing units under Section 31.112(c) of this code or by a final order of the supreme court entered under Section 72.010, Local Government Code, to correct the appraisal roll and other appropriate records as necessary to reflect the agreement or order.

SECTION 3. Amends Chapter 31, Tax Code, by adding Section 31.112, as follows:

Sec. 31.112. REFUNDS OF PAYMENTS MADE TO MULTIPLE LIKE TAXING UNITS. (a) Defines "like taxing units."

(b) Provides that this section applies only to taxing units described by Section 72.010(b), Local Government Code.

(c) Authorizes like taxing units to which a property owner has made tax payments under protest as a result of a dispute or error described by Section 72.010(c), Local Government Code, to enter into an agreement to resolve the dispute or error. Provides that an agreement under this subsection:

(1) is required to establish the correct geographic boundary between the taxing units;

(2) is authorized to include an allocation between the taxing units of all or part of the taxes that were paid under protest before the dispute or error was resolved, less any amount that is required to be refunded to the property owner;

(3) is required to require the taxing units to refund to the property owner any amount by which the amount paid by the owner to the taxing units exceeds the amount due; and

(4) is required to be in writing.

(d) Requires that a refund required by Subsection (c)(3) of this section, if a dispute or error described by Section 72.010(c), Local Government Code, is resolved by the agreement of the taxing units, be made not later than the 90th day after the date on which the agreement is made.

(e) Requires that a refund required as a result of the order, if a dispute or error described by Section 72.010(c), Local Government Code, is not resolved by the agreement of the taxing units and the supreme court enters a final order in a suit under Section 72.010, Local Government Code, determining the amount of taxes owed on the property and the taxing unit or units to which the taxes are owed, be made not later than the 180th day after the date the order is entered.

(f) Requires that a refund under this section be accompanied by a description sufficient to identify the property on which the taxes were imposed and the tax account number, if applicable.

(g) Requires a collector making a refund under this section to notify the auditor of each appropriate taxing unit not later than the 30th day after the date the refund is made.

SECTION 4. Amends Sections 31.12(a) and (b), Tax Code, as follows:

(a) Provides that if a refund of a tax provided by Section 31.112, among certain other sections, is paid on or before the 60th day after the date the liability for the refund arises, no interest is due on the amount refunded.

(b) Provides that, for purposes of this section, liability for a refund arises if the refund is required by Section 31.112, on the date required by Section 31.112(d) or (e), as applicable. Makes nonsubstantive changes.

SECTION 5. Amends Subchapter E, Chapter 42, Education Code, by adding Section 42.2532, as follows:

Sec. 42.2532. ADJUSTMENT FOR RESOLUTION OF DISPUTE OR ERROR RESULTING IN TAXATION OF SAME PROPERTY BY MULTIPLE SCHOOL DISTRICTS. Requires the commissioner of education to adjust the amounts due to a school district under this chapter (Foundation School Program) and Chapter 46 (Assistance With Instructional Facilities and Payment of Existing Debt) as necessary to account for the resolution of a dispute or error involving the district and another district by an agreement between the districts entered into under Section 31.112(c), Tax Code, or by a final order of the supreme court entered under Section 72.010, Local Government Code.

SECTION 6. Provides that changes in law made by this Act apply to ad valorem taxes imposed for a tax year beginning before, on, or after the effective date of this Act.

SECTION 7. Effective date: upon passage or September 1, 2017.