

BILL ANALYSIS

Senate Research Center
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S.B. 2083
By: Hinojosa
Property Tax
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Section 26.11(a), Tax Code, presents an impediment to obtaining a possession and use agreement (PUA) from owners of real property needed for public use, where a PUA is sought from a landowner before a governmental entity acquires title to a parcel by deed or condemnation judgment, or a right of possession is obtained under a court order issued in a condemnation proceeding.

Under current law, the two tax proration events cited above (acquisition of title or right of possession) are restrictive and exclude parcels that are acquired by a PUA prior to the full acquisition of the parcel by deed or judgment or by court order. This creates hesitancy on the part of landowners to execute a PUA because the landowner will continue to be liable for property taxes until one of the later proration events occurs, even though the owner has forgone the right to use or possess the property because of the PUA.

S.B. 2083 amends Section 26.11(a), Tax Code, to change the date used to calculate the prorated amount of tax due by a landowner on a property acquired for public use under a PUA entered into under threat of condemnation, to be the effective date of the PUA.

S.B. 2083 also seeks to clarify that proration of current taxes occurs when possession of the property is obtained through condemnation proceedings, whether by an order of the court or by operation of law through the condemnor's deposit into the registry of the court of the amount awarded by the special commissioners after the special commissioner's hearing.

As proposed, S.B. 2083 amends current law relating to the calculation of the ad valorem taxes imposed on property for the year in which the property is acquired by a governmental entity.

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 Section 26.11(a), Tax Code, as follows:

- (a) Provides that if the federal government, the state, or a political subdivision of the state acquires the right to possession of taxable property under a court order issued in condemnation proceedings, takes possession of taxable property under a possession and use agreement or under Section 21.021 (Possession Pending Litigation), Property Code, or acquires title to taxable property, the amount of the tax due on the property is calculated by multiplying the amount of taxes imposed on the property for the entire year as determined as provided by Section 26.09 (Calculation of Tax) of this code by a fraction, the denominator of which is 365 and the numerator of which is the number of days that elapsed prior to the date of the conveyance, the effective date of the possession and use agreement, the date the entity took possession under Section 21.021, Property Code, or the date of the order granting the right of possession, as applicable, rather than providing that if the federal government, the state, or a political subdivision of the state acquires the right to possession of taxable property under a court order issued in

condemnation proceedings or acquires title to taxable property, the amount of the tax due on the property is calculated by multiplying the amount of taxes imposed on the property for the entire year as determined as provided by Section 26.09 of this code by a fraction, the denominator of which is 365 and the numerator of which is the number of days that elapsed prior to the date of the conveyance or the date of the order granting the right of possession.

SECTION 2. Makes application of Section 21.021, Property Code, prospective.

SECTION 3. Effective date: upon passage or September 1, 2019.