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Tarrant Appraisal District v. Tarrant Regional Water District

Court of Appeals of Texas, Fort Worth - January 25, 2018 - S.W.3d - 2018 WL 547777

Tax appraisal review board denied regional water control and improvement district a tax exemption on part of its property it leased to a restaurant, and granted an exemption on a smaller part of the property.

District appealed. The District Court granted district's motion for summary judgment. Tax appraiser appealed.

The Court of Appeals held that:

- District was not exempt from taxation under the section of the Texas Constitution exempting taxation on property used for a public purpose;
- Organic statute did not unconditionally exempt district from paying ad valorem taxes; and
- The statute governing tax exemptions on public property used for a public purpose did not require that the property be exclusively used for public purposes, overruling *Grand Prairie Hosp. Auth. v. Tarrant Appraisal Dist.*, 707 S.W.2d 281.

Property that regional water control and improvement district partially leased to a restaurant was not exempt from taxation under section of the Texas Constitution exempting taxation on property used for a public purpose, even though the district itself had a public purpose; the property was not devoted exclusively to the use and benefit of the public, as required by the Constitution, as part of the land was used to earn revenue for a business, and was not for the benefit of the public.

Organic statute exempting a regional water control and improvement district's property from ad valorem taxes did not unconditionally exempt the district from paying such taxes; legislature did not word organic statute to exempt property that had a public use from paying ad valorem taxes and the organic statute was not worded either conditionally or unconditionally.

Even if portion of the organic statute exempting a regional water control and improvement district's property from ad valorem taxes did so unconditionally, it was an unconstitutional special law; the statute did not concern a matter of statewide interest, did not affect a large group of citizens, legislation exempting property of water control and improvement districts from ad valorem taxes was not common to all such districts, and there was no legitimate reason why the legislature would exempt the subject district, but not all other water control and improvement districts.

Regional water control and improvement district was entitled to tax exemption under statute exempting property owned by the state or a political subdivision and used for a public purpose from taxation, as long as its property was used for a public purpose, and had no obligation to prove that the property was devoted exclusively to use and benefit of the public; overruling *Grand Prairie Hosp. Auth. v. Tarrant Appraisal Dist.*, 707 S.W.2d 281.

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