

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 11, 2003

TO: Honorable Teel Bivins, Chair, Senate Committee on Finance

FROM: John Keel, Director, Legislative Budget Board

IN RE: SJR23 by Armbrister (Proposing a constitutional amendment to exempt from ad valorem taxation certain commercial boats and equipment used for taking or producing fish, shrimp, shellfish, or other marine life.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SJR23, As Introduced: a negative impact of (\$85,275) through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	(\$85,275)
2005	\$0
2006	(\$340,893)
2007	(\$351,120)
2008	(\$361,653)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/ (Cost) from <i>GENERAL REVENUE FUND 1</i>	Probable Revenue Gain/(Loss) from <i>FOUNDATION SCHOOL FUND 193</i>	Probable Revenue Gain/(Loss) from <i>School Districts</i>	Probable Revenue Gain/(Loss) from <i>Cities</i>
2004	(\$85,275)	\$0	\$0	\$0
2005	\$0	\$0	(\$340,893)	(\$108,047)
2006	\$0	(\$340,893)	(\$10,227)	(\$111,288)
2007	\$0	(\$351,120)	(\$10,534)	(\$114,627)
2008	\$0	(\$361,653)	(\$10,850)	(\$118,066)

Fiscal Year	Probable Revenue Gain/(Loss) from <i>Counties</i>
2004	\$0
2005	(\$117,650)
2006	(\$121,179)
2007	(\$124,815)
2008	(\$128,559)

Fiscal Analysis

The resolution would exempt from property taxation boats and other equipment used primarily in the commercial taking or production of fish, shrimp, shellfish, or other marine life as food for human consumption.

Passage of the proposed amendment would authorize the Legislature to provide for the administration of exemptions and to provide eligibility limitations for an exemption.

Methodology

The Comptroller of Public Accounts staff has indicated that passage of this resolution would result in an undetermined revenue loss to local units of government because commercial fishing boats and equipment are currently taxable.

The LBB staff contacted a sample group of coastal appraisal districts to obtain data on the potential fiscal impact of the resolution. Jad Smith, Chief Appraiser of Aransas County Appraisal District, reported that the district would lose an estimated \$8.2 million of taxable value. Cheryl Evans, Chief Appraiser of Brazoria County Appraisal District, reported that the district would lose an estimated \$1.4 million in taxable value. Michael Amezcuita, Chief Appraiser of Cameron County Appraisal District, reported that the district would lose an estimated \$11.6 million in taxable value.

Though it is not known how many appraisal districts would experience a loss in taxable value, this analysis reflects the amounts reported in the above sample to illustrate the potential fiscal impact on the state and units of local government. These amounts were trended upward based on historical property value increases to reflect losses in future fiscal years.

Section 403.302 of the Government Code requires the Comptroller to conduct a property value study to determine the total taxable value for each school district. Total taxable value is an element in the state's school funding formula. The revenue losses to the state were estimated by assuming that the state would reimburse school districts for their total levy losses, including losses for this exemption, after a one-year lag.

The cost to General Revenue in fiscal year 2004 reflects the cost to the state to publish the resolution.

Local Government Impact

The fiscal impact on units of local government is reflected in the above table.

Source Agencies: 304 Comptroller Of Public Accounts

LBB Staff: JK, SD, WP, DLBe