

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**April 6, 2005**

**TO:** Honorable Jim Keffer, Chair, House Committee on Ways & Means

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB726** by Berman (Relating to the exemption from ad valorem taxation of property owned by certain law enforcement officer associations.), **Committee Report 1st House, Substituted**

**No significant fiscal implication to the State is anticipated.**

The bill would exempt from property taxation the real and personal property owned by certain law enforcement officer associations. The exemption would apply only to property located in a county with a population of less than 250,000. To qualify for the exemption, an association would have to provide assistance with medical care costs to peace officers and their families or support and relief to the dependents, spouses, children of peace officers, including survivors of deceased peace officers. The association also would have to meet the requirements of a charitable organization as defined in the Tax Code.

Since the bill would authorize an exemption, contingent upon passage of the authorizing constitutional amendment, it would reduce the amount of taxable property values and the related ad valorem taxes. 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. Passage of the bill would reduce the school district taxable values reported to the Commissioner of Education by the Comptroller and increase the state costs to the Foundation School Fund. The majority of the large law enforcement officer associations are located in major metropolitan areas and would not receive the property tax exemption authorized by the bill. Therefore, no significant impact to the State is anticipated.

**Local Government Impact**

Since the bill would authorize an exemption, contingent upon passage of the authorizing constitutional amendment, it would reduce the amount of taxable property values and the related ad valorem taxes paid to units of local government.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, SD, WP, DLBe