

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 29, 2005

TO: Honorable John Carona, Chair, Senate Committee on S/C on Emerging Technologies & Economic Dev.

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

IN RE: SB818 by West, Royce (Relating to a requirement that an ad valorem tax abatement agreement provide for the recapture of lost ad valorem tax revenue if the property owner fails to provide a health benefit plan to the owner's employees and their dependents.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Section 312.205 of the Tax Code to require the recapture of revenue lost by a taxing unit as a result of a tax abatement agreement if certain conditions were not met.

The bill would require tax abatement agreements to contain a provision mandating the recapture of all or a specified portion of property tax revenue lost as a result of the agreement, if the owner of the subject property failed to provide to persons employed on the property as full-time employees and their dependents a health benefit plan that provided at least the benefits provided to state employees.

Since the bill would not change school district taxable property values, no fiscal implication to the State is anticipated.

Local Government Impact

Based on the Comptroller's Property Tax Division registries for tax abatement and economic development agreements, approximately 100 new agreements can be expected to be executed each year for the foreseeable future. An amount of otherwise lost property tax revenue would be recaptured by contracting taxing units following a local determination that the owner had failed to provide state employee equivalent health benefits to his or her full-time employees. The amount of revenue would depend on the number of owners found to be in noncompliance and the efforts of local tax units to recapture those revenues.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, JRO, WP, DLBe