

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 26, 2007

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

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

IN RE: HB1837 by Taylor (Relating to exempting from ad valorem taxation property used by certain nonprofit community business organizations to provide services to aid in the economic development of local communities.), **As Introduced**

Passage of the bill would create a property tax exemption for real and personal property owned by a nonprofit community business organization and used to provide economic development services to a local community. As a result, taxable property values would be reduced and the related costs to the Foundation School Fund would be increased.

The bill would amend Chapter 11 of the Tax Code to exempt real and personal property owned by a nonprofit community business organization and used to provide economic development services to a local community.

The organization would have to : 1) be a nonprofit organization under state and federal law; 2) for at least the preceding three years, maintain a dues-paying membership of at least 50 members; 3) have a non-compensated board. The non-compensated board would have to perform one of the following functions: 1) promote the common economic interests of commercial enterprises; 2) improve the business conditions of one or more types of businesses; or 3) otherwise provide services to aid in economic development.

Passage of the bill would create a property tax exemption for a new class of organization for which the Comptroller's Property Tax Division does not receive or maintain information from appraisal districts or taxing units that would be helpful in determining the fiscal impact to the state or units of local government.

The bill would take effect January 1, 2008.

Local Government Impact

Since passage of the bill would exempt from property taxation currently taxable property, local units of government would realize a reduction in taxable property values and the related ad valorem tax revenue.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, SJS