

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 16, 2007

TO: Honorable Joe Deshotel, Chair, House Committee on Economic Development

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

IN RE: HB1952 by Anderson (Relating to the eligibility of new electric generating facilities and new industrial facilities that use gasification technology for economic benefits authorized by the Texas Economic Development Act.), **Committee Report 1st House, Substituted**

Passage of the bill would allow electric generating facilities that use integrated gasification combined cycle technology to apply for a reduction in the appraisal value of property. As a result, taxable property values could be reduced and the state costs for the Foundation School Fund would be increased.

The bill would amend Section 313.024 of the Tax Code to add electric generation projects that use integrated gasification combined cycle technology to the list of activities for which corporations may apply for limitation on appraised value of property under the Texas Economic Development Act.

Because the state is constitutionally prohibited from imposing a state property tax, there would be no direct fiscal impact on the state; however, 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 this bill could cause a change in school district taxable values reported to the Commissioner of Education by the Comptroller.

It appears that at the current time there are no projects, as described in the bill, planned for Texas in the near-future, although there are several projects planned in other states. Because the probability and potential timing of future electric generation projects that use integrated gasification combined cycle technology being constructed in Texas are unknown, the fiscal impact on the state and units of local government cannot be quantified.

The bill would take effect January 1, 2008.

Local Government Impact

Passage of the bill would allow electric generating facilities that use integrated gasification combined cycle technology to apply for a reduction in the appraisal value of property. As a result, taxable property values and the related ad valorem tax revenue for units of local government would be reduced. However, at the current time there are no projects, as described in the bill, planned for Texas in the near-term future.

Source Agencies: 304 Comptroller of Public Accounts

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