

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 17, 2007**

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

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

**IN RE: HB2186** by Woolley (Relating to the exemption from ad valorem taxation of property owned by certain nonprofit corporations that provide chilled water and steam to certain health-related institutions of this state.), **As Introduced**

**Passage of the bill would amend the Tax Code to exempt real and personal property owned by a nonprofit corporation engaged "primarily" in providing chilled water and steam to certain health-related facilities. As a result, taxable property values could be decreased and the related costs to the Foundation School Fund could be increased.**

The bill would amend Section 11.11 of the Tax Code to exempt as public property real and personal property owned by a nonprofit corporation engaged "primarily" (currently "exclusively") in providing chilled water and steam to certain health-related facilities, as defined in Section 301.031 of the Health and Safety Code.

Because the state is constitutionally prohibited from imposing a state property tax, there would be no direct fiscal impact on the state.

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 impact of this bill. However, changing the requirement that the nonprofit corporation engage primarily rather than exclusively in providing chilled water and steam to health-related facilities could result in a larger number of potential candidates for the proposed exemption.

The bill is estimated to have an impact on the state aid districts receive based on the enrichment tier as tied to the yield of the Austin Independent School District (ISD). To the extent that the bill has the effect of lessening Austin ISD's revenue per weighted student per penny of tax effort, as determined by the Commissioner of Education, the equalized yield on those enrichment pennies would decrease, resulting in a decrease in state aid.

The bill would take effect January 1, 2008.

**Local Government Impact**

Passage of the bill would amend the Tax Code to exempt real and personal property owned by a nonprofit corporation engaged "primarily" in providing chilled water and steam to certain health-related facilities. As a result, taxable property values and the related ad valorem tax revenue for units of local government could be reduced.

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

**LBB Staff:** JOB, CT, SD, SJS