

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 26, 2007

TO: Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

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

IN RE: SB812 by Janek (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 could result in additional nonprofit corporations receiving property tax exemptions. As a result, taxable property values could be reduced 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 the 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 would take effect January 1, 2008.

Local Government Impact

Since passage of this 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, JRO, SD, SJS