

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 7, 2007

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

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

IN RE: SB1087 by Watson (Relating to the exemption from ad valorem taxation of property used by a charitable organization operating certain radio stations.), **As Engrossed**

Passage of the bill would exempt certain real and personal property from property taxation which is owned by a charitable organization operating certain radio stations. 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 11.18 of the Tax Code to exempt from property taxation real and personal property owned by a charitable organization operating a radio station that broadcasts educational, cultural, or other public interest programming, including classical music.

To qualify for the exemption, the charitable organization would have to have received or to have been selected to receive one or more grants or similar funding from the Corporation for Public Broadcasting in the preceding five years.

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.

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, 2007.

Local Government Impact

Passage of the bill could result in an undetermined amount of lost revenue to units of local government. The amount of loss would depend on a somewhat limited number of organizations qualifying for the expanded exemption and the market value of the subject properties that would be exempted under the bill.

The Comptroller's Property Tax Division does not receive or maintain information from appraisal districts or taxing units that would be helpful in estimating the impact of the bill.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, SJS