

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION
Revision 1

May 21, 2009

TO: Honorable Chris Harris, Chair, Senate Committee on Economic Development

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

IN RE: HB773 by Oliveira (Relating to extending the expiration date of the Property Redevelopment and Tax Abatement Act.), **As Engrossed**

Estimated Two-year Net Impact to General Revenue Related Funds for HB773, As Engrossed: an impact of \$0 through the biennium ending August 31, 2011.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from Counties	Probable Revenue Gain/(Loss) from Cities
2010	\$0	\$0
2011	(\$9,159,000)	(\$4,383,000)
2012	(\$18,642,000)	(\$8,860,000)
2013	(\$28,461,000)	(\$13,436,000)
2014	(\$38,632,000)	(\$18,113,000)

Fiscal Analysis

The bill would amend Chapter 312 of the Tax Code, regarding the Property Redevelopment and Tax Abatement Act (Act).

The bill would extend the expiration date for the Act from September 1, 2009 until September 1, 2019.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2009.

Methodology

Data on the historical city and county appraised property value lost to property tax abatements under Chapter 312 of the Tax Code were obtained from appraisal districts. Under current law, no abatements would be permitted after September 1, 2009, because the current enabling legislation is sunset on that date. The maximum length of an abatement is ten years, so approximately one-tenth of the current abatements would expire each year after the current sunset date. This information was used to project a diminishing stream of abatement value losses under current law.

Under the proposed bill, the sunset date would be extended to September 1, 2019. Abatement value losses were trended upward, under the proposed bill, based on historical abatement loss data. The projected current law abatement value losses for cities and counties were subtracted from the projected proposed law value losses to estimate the value losses to cities and counties over the five year projection period. The appropriate projected tax rates were applied to the city and county value losses to estimate the tax revenue losses. There would be no loss to school districts because they are prohibited from granting abatements. Consequently, there would be no loss to the state through the school finance system.

Local Government Impact

The fiscal implication to units of local government is reflected in the above table. There would be no fiscal implication to school districts because they are prohibited from granting abatements.

Source Agencies: 304 Comptroller of Public Accounts

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