

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 28, 2009

TO: Honorable Garnet Coleman, Chair, House Committee on County Affairs

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

IN RE: HB2753 by Farias (Relating to the voluntary assessment of property owners by a county to finance certain solar energy improvements.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would add Chapter 388 to the Local Government Code to authorize a county commissioners court to, by order, provide for a solar energy improvement special assessment to be imposed on a single-family residential property within the boundaries of the county if the owner of the property requests the assessment. The commissioners court would direct the appropriate appraisal district to include the solar energy improvement special assessment in the property tax assessment for property subject to the assessment and to collect the assessment at the same time and in the same manner as property taxes are levied and collected. To participate, a property owner, using forms developed by the county, must submit a written application, a certificate of eligibility for the improvements, and documentation of the proposed financing agreement with a certified solar energy improvement financing institution. In addition, the county tax assessor-collector must verify that the property owner is the owner of record, that there are no delinquent taxes on the property, and that the owner has no child support, mechanic's, contractor's or materialman's liens on the property.

The bill would require that the amount of the solar energy improvement special assessment be the amount necessary to pay the costs of the eligible solar energy improvements, the costs of the financing of the improvements when due, and administrative fees for the county. Money derived from the special assessment would be disbursed only for the purposes of financing the solar energy improvements and paying the applicable administrative fees to the county. A solar energy improvement special assessment would constitute a lien on the property that is effective during the period in which the assessment is imposed and would have priority equal to other property tax liens. Any administrative fees imposed by the county may not exceed 10 percent of the principal amount of the owner's obligation for the improvements and may be used by the county to pay expenses for the promotion of the special assessment program.

The Finance Commission of Texas would be required to adopt rules for the certification of a financial institution as a solar energy improvement financing institution. Based on the analysis by the Finance Commission of Texas, it is assumed that costs associated with implementing provisions of the bill could be absorbed within existing resources.

Local Government Impact

The impact would vary by county and would depend on how many property owners would request an assessment and the amount of any administrative fees imposed by a county. It is assumed that under the provisions of the bill for including in an assessment an amount to cover administrative costs that the fiscal impact would not be significant. However, the Denton County Tax Assessor-Collector reported that the Tax Assessor-Collector's office does not have property ownership records by which to verify owner of record as proposed in Section 388.003(2) (A). Therefore, there is an assumption that one additional staff position would be created to access and check records, at a cost of \$35,000 per year. Jefferson County also reported an expectation that implementation of a program would require creating one full-time-equivalent position at a minimum cost of \$71,000 per year.

Source Agencies: 304 Comptroller of Public Accounts, 450 Department of Savings and Mortgage Lending, 451 Department of Banking, 466 Office of Consumer Credit Commissioner

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