

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 2, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

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

IN RE: HB2865 by Strama (Relating to the exemption from ad valorem taxation of property used by a charitable organization that provides access to affordable financial products and services to certain individuals.), **As Introduced**

To the extent that additional property owned by charitable organizations would be exempt, the bill would create a cost to the state through the operation of the school funding formulas.

The bill would re-enact and amend Section 11.18(d) of the Tax Code, relating to the exemption from property taxation of property used by a charitable organization. The bill would add the provision of access to affordable financial products and services for low-income individuals and under-served communities by certain certified community development financial institutions that are exempt from federal income taxation to the list of charitable functions that would enable the charitable organization to qualify for the exemption.

To the extent that additional property owned by charitable organizations would be exempt, the bill would create a cost to local taxing units and to the state through the operation of the school funding formulas. No information is available regarding the amount or value of property owned by certified community development financial institutions that would be exempted by the bill, so the fiscal impact cannot be estimated.

The bill would take effect on January 1, 2010.

Local Government Impact

To the extent that additional property owned by charitable organizations would be exempt, the bill would create a cost to local taxing units. No information is available regarding the amount or value of property owned by certified community development financial institutions that would be exempted by the bill, so the fiscal impact cannot be estimated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, SJS