

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 8, 2009

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

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

IN RE: HB3699 by Isett (Relating to eligibility for the ad valorem tax exemption for pollution control property and the adjustment of the rollback tax rate of a taxing unit to compensate for the costs of compliance with pollution control requirements.), **As Introduced**

To the extent that property used to transport carbon dioxide is exempted under the bill, there would be a cost to the state through the operation of the school funding formulas.

The bill would amend the Tax Code to require the Texas Commission on Environmental Quality to include in their list of facilities, devices, or methods, for the control of pollution that qualify for the pollution-control exemption, property used for transportation of carbon dioxide from an anthropogenic (human-produced) source in this state that is geologically sequestered in this state.

Current law restricts an exemption for carbon dioxide pollution control property to property affected by a final U.S. Environmental Protection Agency rule or regulation regulating carbon dioxide as a pollutant. The bill would broaden this language by including similar rules or regulations issued by any local, state, or federal governmental entity.

To the extent that property used to transport carbon dioxide is exempted under the bill, there would be 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 of transportation property that would qualify under the bill, or when such property might be put in service. As a result, the cost of the bill cannot be estimated.

The bill would take effect January 1, 2010.

Local Government Impact

To the extent that property used to transport carbon dioxide is exempted under the bill, there would be a cost to local taxing units. According to the Comptroller of Public Accounts, no information is available regarding the amount of transportation property that would qualify under the bill, or when such property might be put in service. As a result, the cost of the bill cannot be estimated.

Source Agencies: 304 Comptroller of Public Accounts, 582 Commission on Environmental Quality

LBB Staff: JOB, MN, SD, SJS