

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 23, 2009

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: SB756 by Eltife (Relating to the authority of certain school districts to enter into property tax abatement agreements in connection with realigned or closed military facilities.), **As Introduced**

Passage of the bill would allow certain school districts to enter into a property tax abatement agreement relating to property that was part of a military facility that had been realigned or closed, was exempt from property taxation when owned by the previous owner, and is located in a county in the Texas-Louisiana border region. As a result, taxable property values could be reduced and the related costs to the Foundation School Fund could be increased through the operation of the school finance formulas.

The bill would amend Chapter 312 of the Tax Code to allow certain school districts to enter into a property tax abatement agreement. This authority would apply to property that was part of a military facility that had been realigned or closed, was exempt from property taxation when owned by the previous owner, and is located in a county in the Texas-Louisiana border region.

The bill would amend Chapter 403 of the Government Code to make conforming changes to provisions affecting the Comptroller's property value study.

Under current law school districts are prohibited from entering into property tax abatement agreements. The bill would remove this prohibition for any school district meeting narrow requirements. As a result the bill could create a cost to those school districts and to the state through the operation of the school funding formulas. The extent to which any school district would take advantage of the ability to abate property taxes is unknown and therefore the costs cannot be estimated.

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.

Local Government Impact

Passage of the bill would allow certain school districts to enter into a property tax abatement agreement relating to property that was part of a military facility that had been realigned or closed, was exempt from property taxation when owned by the previous owner, and is located in a county in the Texas-Louisiana border region. As a result, taxable property values and the related ad valorem tax revenue for school districts could be reduced. The extent to which any school district would take advantage of the ability to abate property taxes is unknown and therefore the costs cannot be estimated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, SJS