

## **BILL ANALYSIS**

Senate Research Center  
83R8767 KKA-D

S.B. 908  
By: Schwertner  
Finance  
3/20/2013  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

This bill mandates a study by the comptroller of public accounts of the State of Texas, the Texas Facilities Commission, and the Texas Education Agency of the fiscal impact of foregone revenue from tax-exempt state property on local school districts. For example, Huntsville Independent School District faces significant foregone tax revenue from the joint presence of the Texas Department of Criminal Justice, Sam Houston State University, and Huntsville State Park.

While there is no current Texas law addressing this issue, the federal government administers the Federal Impact Aid Program, which provides assistance to local school districts containing tax-exempt federal property. Section 8002 (Payments for Federal Property) authorizes assistance to local school districts in which federal property makes up at least 10 percent of all real property in the district. In determining the amount of aid to a school district, the government first assesses the federal property according to the highest and best use of the adjacent property. The local tax rates are then levied on the assessed federal property to determine the amount of aid.

The study mandated by S.B. 908 seeks to provide a more accurate picture of the financial impact of tax-exempt state property on local school districts.

As proposed, S.B. 908 amends current law relating to a study regarding the fiscal effect of tax-exempt state property on school districts.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. STUDY REQUIRED. (a) Requires the Texas Education Agency (TEA), the Texas Facilities Commission (TFC), and the comptroller of public accounts of the State of Texas (comptroller) to jointly conduct a study of the fiscal effect of tax-exempt state property on school districts in this state.

(b) Requires that the study include:

- (1) development of an estimate of the total amount of ad valorem tax revenue not available to school districts in this state as a result of the exemption of state property from ad valorem taxation;
- (2) identification of school districts in this state with higher than average percentages of state property that is exempt from ad valorem taxation; and
- (3) evaluation of the Federal Impact Aid Program and the federal assistance provided under that program to certain school districts with federal property exempt from ad valorem taxation.

SECTION 2. REPORT OF STUDY RESULTS. Requires TEA, TFC, and the comptroller, not later than December 1, 2014, to submit a report of the results of the study and any resulting recommendations to the governor, the lieutenant governor, and the members of the legislature.

SECTION 3. EFFECTIVE DATE. Effective date: upon passage or September 1, 2013.