

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 15, 2013

TO: Honorable John Carona, Chair, Senate Committee on Business & Commerce

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1897 by Eiland (Relating to the exemption from ad valorem taxation of pollution control property.), **As Engrossed**

<p>No significant fiscal implication to the State is anticipated.</p>
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This bill would amend Section 11.31 of the Tax Code related to pollution control property to require a property owner to provide the chief appraiser, at the time the property owner files an application for a pollution control exemption in accordance with current law, a copy of a letter issued by the Texas Commission on Environmental Quality (TCEQ) determining that the property is used wholly or partly as pollution control property. If the determination was appealed, the property owner must file the final letter issued by TCEQ based on the outcome of the appeal. The bill would provide that, notwithstanding current law allowing a protest to an appraisal review board of the denial of an exemption, a property owner is not entitled to a remedy for the denial of the exemption, in whole or in part, and is not entitled to the exemption for any period preceding the tax year in which the property owner satisfies the bill's proposed application requirement.

The bill's provision that a property owner is not entitled to the exemption or to a remedy for the denial of the exemption, in whole or in part, for any period preceding the tax year in which the property owner files a positive determination letter from TCEQ, along with the application, with the chief appraiser, could, in some instances, move the exemption's effective date forward. This provision would create a gain to units of local government and to the state through the operation of the school finance formula. The gain, however, is not expected to be significant.

This 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, 2013. The changes in the bill would apply to any TCEQ pollution control determination that becomes final on or after the effective date. A taxing unit would not be permitted to recover taxes not assessed and collected because of a pollution control exemption granted before the effective date.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, RB, SD, SJS, KK