

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 21, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **SB1780** by Zaffirini (Relating to the definition of new property value for purposes of the calculation of certain ad valorem tax rates for a county.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Section 26.012, of the Tax Code, related to property tax rate definitions, and Section 140.008, of the Local Government Code, related to miscellaneous financial provisions, to allow counties and hospital districts to call an election to determine whether to treat the increase in total taxable value of oil and gas real property attributable to the production of oil and gas from wells completed after January 1 of the preceding tax year as new property value for the purpose of calculating the effective tax rate. The election could also be triggered by petition of the qualified voters of the taxing unit. The bill would specify the petition and election procedures. If the proposition is approved, the definition of "new value" would be changed to include the increase in oil and gas real property value.

The bill would require that the revenue received by an eligible taxing unit attributable to the calculation of new property value as provided under the bill be placed in a special account in the general fund and used only for road construction, road repair, and provision of indigent health care within the taxing unit.

The change in the definition of new property proposed by the bill would increase the rollback tax rate in certain counties and hospital districts with increasing oil and gas real property taxable values if approved by the voters. This would enable those counties and hospital districts to adopt a higher tax rate without triggering certain notices, hearings, and a potential election to reduce the tax rate to the rollback tax rate. Consequently, to the extent that the affected counties and hospital districts would take advantage of the ability to increase tax rates without the consequences discussed above, there would be a fiscal gain in those counties and hospital districts.

The actual tax rate increases that may result from the bill cannot be predicted, so the fiscal gain cannot be estimated.

The bill would take effect on January 1, 2014.

Local Government Impact

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Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS