

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 6, 2015

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB706 by Farrar (Relating to the procedure for claiming an exemption from ad valorem taxation of property on which a solar or wind-powered energy device is installed or constructed.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend Section 11.43(c) of the Tax Code, regarding applications for property tax exemptions, to add solar and wind-powered energy devices as an exemption that, once allowed, need not be claimed in subsequent years and for which the exemption applies until the property changes ownership or the qualification for the exemption changes.

When an exemption is not required to be claimed annually, the owner must notify the appraisal office in writing before May 1 after the entitlement ends. If a chief appraiser discovers that an exemption that is not required to be claimed annually has been erroneously allowed in any one of the five preceding years, the chief appraiser is required to add the property or the appraised value that was exempted for each year to the appraisal roll. This change would result in an insignificant, but unknown, cost to the state.

No information is available about the frequency in which this exempt property changes ownership or qualifications, nor how often these changes are reported to or discovered by a chief appraiser.

The bill would take effect January 1, 2016 and apply to a tax year beginning on or after that 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, KK, SD, SJS