

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 22, 2015

TO: Honorable Joe Straus, Speaker of the House, House of Representatives

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB994** by Anchia (Relating to the exemption from ad valorem taxation of property used to collect, process, and deliver landfill-generated gas.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for HB994, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2017.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

| Fiscal Year | Probable Net Positive/(Negative) Impact to General Revenue Related Funds |
|-------------|--|
| 2016 | \$0 |
| 2017 | \$0 |
| 2018 | \$0 |
| 2019 | \$0 |
| 2020 | \$0 |

All Funds, Five-Year Impact:

| Fiscal Year | Probable Revenue Gain/(Loss) from School Districts | Probable Revenue Gain/(Loss) from Counties | Probable Revenue Gain/(Loss) from Cities | Probable Revenue Gain/(Loss) from Other Special Districts |
|-------------|--|--|--|---|
| 2016 | \$0 | \$0 | \$0 | \$0 |
| 2017 | (\$653,000) | (\$198,000) | (\$196,000) | (\$138,000) |
| 2018 | (\$773,000) | (\$236,000) | (\$232,000) | (\$164,000) |
| 2019 | (\$904,000) | (\$276,000) | (\$272,000) | (\$192,000) |
| 2020 | (\$997,000) | (\$305,000) | (\$300,000) | (\$212,000) |

Fiscal Analysis

The bill would amend Chapter 11 of the Tax Code, regarding taxable property and exemptions, to repeal Subsections 11.311(a) and (d) of the Tax Code. The subsections that would be repealed provide that the exemption for landfill-generated gas conversion facilities applies only to facilities existing on January 1, 2014, and that the exemption expires on December 31, 2015.

The bill would provide that a person is entitled to a property tax exemption of tangible personal property (rather than real and personal property) the person owns that is located on or in close proximity to a landfill and is used to collect, compress, transport, process, and deliver landfill-generated gas for certain specified purposes (landfill-generated gas conversion facility). Property tax appraisers would be required to appraise the landfill-generated gas conversion facility as tangible personal property regardless of whether the property is affixed to or incorporated into real property.

Tangible personal property located on or in close proximity to a landfill that is not used as a landfill-generated gas conversion facility as described above would not be exempt.

The bill would take effect January 1, 2016.

Methodology

The bill's repeal of the expiration of the property tax exemption for certain landfill-generated gas conversion facilities would generate a cost for local taxing units. There would be no cost to the state through the operation of the school funding formulas because this exemption is not deducted in the Comptroller's Property Value Study (school districts are not held harmless for any part of their revenue loss).

The estimate was based on information from the U.S. Environmental Protection Agency and from appraisal districts. The value loss to landfill-generated conversion facilities that are currently operating was estimated, four additional exempt properties per year were included, and projected tax rates were applied through the five-year projection period to estimate the tax revenue loss to special districts, cities, counties, and school districts.

Local Government Impact

The estimated fiscal implication to units of local government is reflected in the above table.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS