

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 15, 2015

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

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.), **Committee Report 2nd House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB994, Committee Report 2nd House, Substituted: 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	(\$490,000)	(\$149,000)	(\$147,000)	(\$104,000)
2018	(\$580,000)	(\$177,000)	(\$174,000)	(\$123,000)
2019	(\$678,000)	(\$207,000)	(\$204,000)	(\$144,000)
2020	(\$748,000)	(\$229,000)	(\$225,000)	(\$159,000)

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 The subsections that would be repealed provide that the exemption for landfill-generated gas conversion facilities applies only to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 require the Texas Commission on Environmental Quality to develop rules to determine the value of the exemption. The rules would be required to limit the value of the exemption to only the value of the equipment used as business personal property on which gas is collected.

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 rules that would be required by the bill would limit the exemption to the value of equipment used as business personal property. The estimate below assumes that one-fourth of the equipment value is classified as real property which would be taxable.

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 and counties, and school districts.

The fiscal analysis assumes the bill's reference to a "commission" means the Texas Commission on Environmental Quality, a reference that frequently appears in Section 11.31 of this code.

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

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