

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 27, 2015

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1328 by Turner, Chris (Relating to a credit against the ad valorem taxes imposed on certain real property used to provide housing to certain persons with disabilities.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1328, As Introduced: an impact of \$0 through the biennium ending August 31, 2017.

The bill's proposed tax credit for certain group homes and intermediate care facilities would create a cost to local taxing units. The impact of a tax credit on the state through the school funding formula is unclear but is not expected to be significant. Consequently, the entire school district revenue loss is shown as a loss to school districts in the table below.

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 <i>School Districts</i>	Probable Revenue Gain/(Loss) from <i>Counties</i>	Probable Revenue Gain/(Loss) from <i>Cities</i>	Probable Revenue Gain/(Loss) from <i>Other Special Districts</i>
2016	\$0	\$0	\$0	\$0
2017	(\$5,654,000)	(\$1,719,000)	(\$1,696,000)	(\$1,195,000)
2018	(\$5,952,000)	(\$1,814,000)	(\$1,787,000)	(\$1,260,000)
2019	(\$6,266,000)	(\$1,914,000)	(\$1,882,000)	(\$1,328,000)
2020	(\$6,596,000)	(\$2,020,000)	(\$1,982,000)	(\$1,400,000)

Fiscal Analysis

The bill would amend Chapter 31 of the Tax Code regarding property tax collections to entitle an owner of certain real property to a property tax credit by all taxing units. To receive the tax credit the property would be required to be used as a group home operating under a Section 1915(c) waiver program; or an intermediate care facility for persons with developmental, physical, or intellectual disabilities if at least 95 percent of the residents of the facility are recipients of medical assistance under Chapter 32, Human Resources Code. The amount of the tax credit would be equal to the costs incurred by the property owner in maintaining, operating, and making improvements to the property during the preceding 12-month period. A taxing unit's liability for the credit would be based on the percentage of the total property tax on the eligible real property imposed by that taxing unit.

The bill would define "group home", "intermediate care facility", and "Section 1915(c) waiver program".

The bill would provide for a carry-forward to a subsequent tax year of any eligible tax credit that exceeds the total property tax imposed. A property owner would be required to apply to the chief appraiser for a property tax credit and include an affidavit stating the eligible costs incurred during the preceding 12-month period.

The Comptroller would be required to adopt rules for the administration of the tax credit program.

The bill would take effect on January 1, 2016, contingent on voter approval of a constitutional amendment.

Methodology

The bill's proposed tax credit for certain group homes and intermediate care facilities would create a cost to local taxing units. The impact of a tax credit on the state through the school funding formula is unclear but is not expected to be significant. Consequently, the entire school district revenue loss is shown as a loss to school districts in the table above. The tax revenue loss was estimated based on information from appraisal districts and the Texas Department of Aging and Disability Services and projected over a five year period.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS