

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

May 14, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1995 by Deshotel (Relating to the authority to modify an ad valorem tax abatement agreement to extend the abatement period if a disaster prevents the property owner from complying with the agreement.), **As Engrossed**

<p>No fiscal implication to the State is anticipated.</p>
--

The bill would amend Chapter 312 of the Tax Code, regarding property tax abatements, by permitting the parties to a tax abatement agreement to modify the agreement to extend the abatement period for a period not to exceed 10 years from the date the modified agreement is executed if:

- 1) the area in which the property that is the subject of the agreement is located is declared to be a disaster area by the Governor;
- 2) the owner of the property sustains a casualty loss to the property as a result of the disaster; and
- 3) the casualty loss prevents the owner of the property from complying with the original agreement.

The bill would create a cost to local taxing units with abatement agreements in areas qualifying for the extended property tax abatement under the bill. There would be no cost to school districts or the state because there are no property tax abatements in school districts, and there are unlikely to be any property tax abatements in school districts in the future because of adverse school funding consequences. The number of abatement agreements that would be extended in disaster areas under the bill are unknown; consequently the cost to local governments cannot be estimated.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2015.

Local Government Impact

Passage of the bill would permit parties to a tax abatement agreement in disaster areas to modify the agreement to extend the abatement period for a period not to exceed 10 years from the date the modified agreement under certain circumstances. The bill would create a cost to local taxing units with abatement agreements in areas qualifying for the extended property tax abatement under the bill.

Source Agencies: 304 Comptroller of Public Accounts
LBB Staff: UP, KK, SD, SJS