

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION
Revision 1

May 12, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3732** by Cook (relating to the eligibility of property used for a large-scale electric energy storage facility for ad valorem tax benefits under the Texas Economic Development Act.), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3732, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2017.

However, the bill would result in a negative impact of (\$9,800,000) beginning in fiscal year 2019.

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, Ten-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2016	\$0
2017	\$0
2018	\$0
2019	(\$9,800,000)
2020	(\$14,200,000)
2021	(\$13,600,000)
2022	(\$17,900,000)
2023	(\$17,200,000)
2024	(\$21,300,000)
2025	(\$20,400,000)

All Funds, Ten-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Foundation School Fund 193	Probable Revenue (Loss) from School Districts
2016	\$0	\$0
2017	\$0	\$0
2018	\$0	(\$9,500,000)
2019	(\$9,800,000)	(\$13,800,000)
2020	(\$14,200,000)	(\$13,200,000)
2021	(\$13,600,000)	(\$17,400,000)
2022	(\$17,900,000)	(\$16,700,000)
2023	(\$17,200,000)	(\$20,700,000)
2024	(\$21,300,000)	(\$19,800,000)
2025	(\$20,400,000)	(\$19,000,000)

Fiscal Analysis

The bill would amend Chapter 313 (the Texas Economic Development Act) of the Tax Code, regarding the eligibility of property used for a large-scale electric energy storage facility for ad valorem tax benefits.

The bill would amend Section 313.024, regarding eligible property, to add an additional eligibility category-one for certain types of large-scale, compressed-air electric energy storage facilities. Subsection 313.024(e) would be amended to define a large-scale electric energy storage facility.

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

Methodology

This analysis addresses compressed-air energy storage facilities as, at the current time, this is the only technology that appears to meet the requirements of Section 2 of the bill. The bill would create eligibility for such facilities under Chapter 313. Three compressed air storage projects are in various stages of development in Texas. The table above contains an estimate of the first 10 years of school levy losses, assuming five compressed-air storage projects execute Chapter 313 agreements before the expiration of the chapter on December 31, 2022. School district levy losses would result in a state cost of a similar magnitude in the following fiscal year through the Foundation School Program.

Local Government Impact

School districts entering into Chapter 313 agreements would benefit from additional Foundation School Program state aid or reductions in recapture corresponding to losses in local M&O revenue resulting from the limitation on taxable value of affected property. Estimated losses in local M&O revenue are noted in the tables above.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS, JSp