

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

March 1, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB516 by Bettencourt (Relating to increasing the period of time for exempting freeport goods from ad valorem taxation.), **As Introduced**

The fiscal impact of extending the number of days that qualifying personal property may remain in this state before losing eligibility for a property tax exemption from 175 to 365 is discussed in the fiscal note for the enabling resolution, SJR 29.

The bill would amend Section 11.251 of the Tax Code, regarding taxable property and exemptions, to extend the number of days that qualifying personal property may remain in this state before losing eligibility for a property tax exemption from 175 to 365. This exemption is commonly referred to as a "freeport exemption." Many taxing units took action to tax this personal property under previous constitutional authority to do so, and the exemption does not apply in those districts.

The companion constitutional amendment (SJR 29) that extends the number of days qualifying personal property may remain in this state (currently 175 days) before losing eligibility for a freeport property tax exemption is self-implementing. Consequently, the fiscal impact is shown in the fiscal note for SJR 29.

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

Local Government Impact

The fiscal impact to units of local government of extending the number of days that qualifying personal property may remain in this state before losing eligibility for a property tax exemption from 175 to 365 is discussed in the fiscal note for the enabling resolution, SJR 29.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS