

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 21, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1469 by Watson (Relating to regular reapplication for certain pollution control exemptions from ad valorem taxation granted for certain property.), **As Introduced**

Passage of the bill would require a new application for a pollution control property tax exemption three years after the date TCEQ issues a letter granting the exemption to avoid losing the exemption. To the degree that some pollution control properties lose the exemption because they no longer meet the eligibility requirements there would be a gain to the state through the operation of the school funding formulas.

The bill would amend Chapter 11 of the Tax Code, regarding taxable property and exemptions, to provide that a person's entitlement to a pollution control property tax exemption would end after the third year from the date that the Texas Commission on Environmental Quality (TCEQ) issues a letter granting the exemption unless the person files a new application. The application would be required to show proof the exempt property is still in existence and still entitled to the exemption.

The bill's provision that would require a new application for a pollution control property tax exemption three years after the date TCEQ issues a letter granting the exemption to avoid losing the exemption could create a gain to local taxing units (and to the state through the operation of the school funding formulas) to the degree that some pollution control properties lose the exemption because they no longer meet the eligibility requirements. The number and value of properties that would lose the exemption is unknown; consequently the gain cannot be estimated.

The bill would take effect September 1, 2015, and would apply to all existing and future pollution control property tax exemptions for a tax year beginning on or after one year after the effective date.

Local Government Impact

Passage of the bill would require a new application for a pollution control property tax exemption three years after the date TCEQ issues a letter granting the exemption to avoid losing the exemption. To the degree that some pollution control properties lose the exemption because they no longer meet the eligibility requirements there would be a gain to local taxing units.

Source Agencies: 304 Comptroller of Public Accounts

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