

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 26, 2019

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Property Tax

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: **SB1005** by Bettencourt (Relating to the number of days that certain tangible personal property that is exempt from ad valorem taxation due to its location in this state for a temporary period may be located in this state for the purpose of qualifying for the tax exemption.), **As Introduced**

The fiscal impact to extend the number of days that qualifying personal property may remain in this state before losing eligibility for a property tax exemption is discussed in the fiscal note for the enabling resolution, SJR 43.

The bill would amend Chapter 11 of the Tax Code, regarding property tax 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 proposed amendment to extend the number of days within which certain tangible personal property must be transported outside of this state before losing eligibility for a property tax exemption is self-implementing and would create a cost to units of local government and to the state through the operation of the school finance formula. The associated cost is shown in SJR 43.

The bill would take effect on January 1, 2020, contingent on the passage of a constitutional amendment (SJR 43).

Local Government Impact

The fiscal impact to extend the number of days that qualifying personal property may remain in this state before losing eligibility for a property tax exemption is discussed in the fiscal note for the enabling resolution, SJR 43.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SJS