

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 16, 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: **SB2337** by Bettencourt (Relating to the treatment of captured appraised value and tax increment in the calculation of ad valorem tax rates for a taxing unit.), **As Introduced**

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

The bill would repeal Section 26.03 of the Tax Code, regarding treatment of captured appraised value and tax increment.

The section of the Tax Code the bill would repeal excludes from the value of property in any tax rate calculation under Chapter 26 of the Tax Code, regarding assessment, the captured appraised value in a tax increment reinvestment zone that corresponds to the portion of the tax increment that the taxing unit agreed to pay into a tax increment fund and that is not included in the calculation of new property value. The section of the Tax Code the bill would repeal also excludes from the amount of taxes imposed or collected in any tax rate calculation the corresponding portion of the tax increment of a taxing unit that the unit has agreed to pay into the tax increment fund if a portion of captured appraised value is excluded. These provisions generally increase the calculated debt rate. The debt rate is added in the rollback rate calculation causing a higher rollback rate under the provisions that would be repealed.

The repeal, conversely, would cause a lower rollback rate which, in some instances would create a cost to local taxing units other than school districts. (School district rollback rates would not be affected by the bill.)

To the extent that the affected taxing units would adopt lower tax rates under the bill there would be a cost to those taxing units. The number and affected tax levy of local taxing units that would adopt a lower tax rate because of the bill's provisions is unknown. Consequently, the cost cannot be estimated.

The bill would take effect January 1, 2020.

Local Government Impact

The bill would repeal Section 26.03 of the Tax Code, regarding treatment of captured appraised value and tax increment. The repeal would cause a lower rollback rate which, in some instances would create a cost to local taxing units other than school districts. School district rollback rates would not be affected by the bill.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SJS