

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

March 23, 2021

TO: Honorable Philip Cortez, Chair, House Committee on Urban Affairs

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1286 by Rosenthal (Relating to requirements for beneficial tax treatment related to a leasehold or other possessory interest in a public facility used to provide affordable housing.), **As Introduced**

No significant fiscal implication to the State is anticipated.

However, the bill could create an indeterminate revenue gain to the State through the school funding formula by limiting the amount of property that would qualify for future property tax exemptions.

The bill would amend Chapter 303 of the Local Government Code, regarding public facility corporations. The bill would specify that the current property tax exemption for leaseholds or other possessory interest in a public facility only applies if certain criteria are met.

Based on information provided by the Department of Housing and Community Affairs, it is assumed that any costs associated with the bill could be absorbed using existing resources.

According to the Comptroller of Public Accounts (CPA), the bill's provisions could limit the amount of property that would qualify for future property tax exemptions, creating a revenue gain to local taxing units and to the State through the school funding formula. The number and values of properties to which this might apply is unknown and cannot be estimated by the CPA.

Local Government Impact

According to the Texas Municipal League, no fiscal impact to municipalities is anticipated.

However, the bill could create an indeterminate revenue gain to local taxing units by limiting the amount of property that would qualify for future property tax exemptions.

Source Agencies: 304 Comptroller of Public Accounts, 332 Dept Housing-Comm Affairs

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