

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**May 7, 2023**

**TO:** Honorable Todd Hunter, Chair, House Committee on State Affairs

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB1443** by Slawson (relating to the operation of certain wind-powered devices near certain aviation facilities and the receipt of certain ad valorem tax incentives for property on which such devices are constructed or installed; authorizing an administrative penalty.), **Committee Report 1st House, Substituted**

**Passage of the bill would prohibit a property in a reinvestment zone from receiving an exemption from property taxation or a limitation on appraised value under an agreement in a reinvestment zone if, on or after the date the agreement is entered into, a wind-powered energy device is installed or constructed on the qualifying property at a location that is within 25 nautical miles of the boundaries of a military aviation facility located in this state. As a result, taxable property values could be increased and the related costs to the Foundation School Fund could be decreased through the operation of the school finance formulas.**

The bill would amend Chapter 320 of the Tax Code to provide definitions and state an owner of qualifying property cannot receive an exemption from property taxation or a limitation on appraised value under an agreement in a reinvestment zone if, on or after the date the agreement is entered into, a wind-powered energy device is installed or constructed on the qualifying property at a location that is within 25 nautical miles of the boundaries of a military aviation facility located in this state. The prohibition provided by this subsection applies regardless of whether the wind-powered energy device is installed or constructed at a location that is in the reinvestment zone.

The bill would amend Chapter 39 of the Utilities Code by providing definitions and prohibiting a power generation company, electric cooperative, or municipally owned utility from operating a wind-powered generation facility in the ERCOT power region at a location that is within 65 nautical miles of the boundaries of a joint-use airport located in this state. The bill would allow the Public Utility Commission to impose an administrative penalty for violations of the added section.

The applicability of the bill would be geographically limited to a reinvestment zone in proximity to an impacted military aviation facility. Without the possibility of a limitation on the appraised value of the property, a wind-powered energy device installation would likely locate farther away from the military aviation facility or in a different part of the state. However, in general terms, the lack of the limited appraised property value would produce higher taxable property value for units of local government.

According to the Public Utility Commission, there may be a rulemaking related to administrative penalties, but that work can be absorbed within current resources. As the amounts and timing of any administrative penalty revenue are unknown, the revenue impact cannot be determined.

The provisions of the bill would prevail over another Act of the 88th Legislature, Regular Session, 2023, regardless of the relative dates of enactment.

**Local Government Impact**

Passage of the bill would prohibit a property in a reinvestment zone from receiving an exemption from property

taxation or a limitation on appraised value under an agreement in a reinvestment zone if, on or after the date the agreement is entered into, a wind-powered energy device is installed or constructed on the qualifying property at a location that is within 25 nautical miles of the boundaries of a military aviation facility located in this state. As a result, taxable property value could be higher in some taxing units. However, the no-new-revenue and voter-approval tax rates as provided by Section 26.04, Tax Code could be lower as a consequence of the additional appraised value proposed by the bill.

**Source Agencies:** 304 Comptroller of Public Accounts, 473 Public Utility Commission of Texas

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