

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 30, 2023

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2993 by Hunter (Relating to the eligibility of certain property located in a reinvestment zone for certain ad valorem tax incentives.), **As Introduced**

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 applicability of the bill would be geographically limited to a reinvestment zone in proximity to a 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.

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

LBB Staff: JMc, KK, SD, BRI