LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

April 4, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB1035** by Talarico (relating to the contents of an affidavit required to be included with an application for an exemption from ad valorem taxation of all or part of the appraised value of real property used to operate a child-care facility.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

This bill would define “net lease” to mean a lease under which the lessee pays a base rental amount plus the taxes for the property that is subject to the lease. This definition would apply to a double net lease and triple net lease.

The bill would require the affidavit included with the application for the exemption certify to the chief appraiser that the property is subject to a net lease and the child-care facility to which the property is leased is responsible for the paying the taxes imposed on the property. The affidavit must state that the rent charged for the lease of the property reflects the reduction in the amount of taxes on the property by operation of the net lease.

The bill would define net lease and establish the related certification requirements when applying for the child-care exemption. The bill would not affect taxable property values, tax rates, collection rates, or any other variable that might affect the revenues of units of local governments or the state.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, BRI, SD