

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

May 4, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3830 by Curry (Relating to a franchise tax credit for certain watershed protection activities.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would create a franchise tax credit for certain watershed protection activities.

A taxable entity would qualify for a credit, if during the period covered by a report, the taxable entity operates a concentrated animal feeding operations (CAFO) under a permit issued under Subchapter L, Chapter 26, Water Code; that is located in a major sole source impairment zone; and transports agricultural waste outside of the major sole source impairment zone for disposal, use, or application to a waste management unit or waster application field located outside of the zone.

The amount of the credit would equal the total costs of fuel, labor, and equipment used to transport waste during the period covered by the report. The amount of credit may not exceed 50 percent of the amount of franchise tax due on a report after applying all other applicable credits. A credit that could not be claimed due to the limitation could be carried forward for not more than 10 consecutive reports. A taxable entity could not transfer the credit to another entity unless all the assets of the taxable entity are conveyed, assigned, or transferred in the same transaction.

The bill would take effect January 1, 2026. The credit would expire on December 31, 2035.

According to the Comptroller, in view of the limited number of CAFO firms with sufficient revenue to have any franchise tax liability and the limited amount of franchise tax revenue due from them, regardless of the total costs of fuel, labor, and equipment used to transport waste by these taxable entities, with credit limited to 50 percent of their franchise tax liability the fiscal implications of the credit would not be significant.

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, SD