

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**May 24, 2017**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE:** SB277 by Campbell (Relating to the eligibility of certain property for certain ad valorem tax incentives relating to wind-powered energy devices.), **As Passed 2nd House**

**Passage of the bill would amend Chapters 312 and 313 of the Tax Code to prohibit wind farm owners from receiving a property tax abatement through Chapter 312, or a property tax limitation through Chapter 313, if their wind turbines are located 25 nautical miles or less from a military aviation facility located in Texas. To the extent that wind farm owners, subject to the bill's provisions, would no longer be eligible to receive a property tax abatement or limitation, related costs to the Foundation School Fund could be decreased through the operation of the school finance formulas.**

The bill would amend Chapters 312 and 313 of the Tax Code to prohibit wind farm owners from receiving a property tax abatement through Chapter 312, or a property tax limitation through Chapter 313, if their wind turbines are located 25 nautical miles or less from a military aviation facility located in Texas.

The bill would amend Chapter 312 by adding Section 312.0021 to define "military aviation facility" and "wind-powered energy device" by reference to Chapter 11.27 of this code. The new section would prohibit an owner, or a lessee, from receiving-on or after September 1, 2017-a property tax abatement on any real property that is wholly or partially within a reinvestment zone if a wind turbine on that parcel is constructed or installed after September 1, 2017 at a location within 25 nautical miles of a military aviation facility located in Texas.

The bill would amend Chapter 313 by adding new Subsection 313.024(b-1) to similarly disallow such property owners from receiving a school district Maintenance and Operations (M&O) property tax limitation under this chapter.

The bill would amend Subsection 313.024(e) to define "military aviation facility" and "wind-powered energy device" as the bill defines those terms in Chapter 312.

The bill specifies certain circumstances in which the proposed prohibition against receiving a tax benefit would not apply.

The Comptroller's Office indicates that the number of owners and amount of real property subject to the provisions of the bill cannot be determined.

The bill would take effect January 1, 2017.

## **Local Government Impact**

Passage of the bill would amend Chapters 312 and 313 of the Tax Code to prohibit wind farm owners from receiving a property tax abatement through Chapter 312, or a property tax limitation through Chapter 313, if their wind turbines are located 25 nautical miles or less from a military aviation facility located in Texas. To the extent that wind farm owners, subject to the bill's provisions, would no longer be eligible to receive a property tax abatement or limitation, related ad valorem tax revenue for units of local government could be increased.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, SLE, KK, SD, SJS, LBO