

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 17, 2017

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

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 Engrossed**

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 would make certain legislative findings regarding to the bill's background and articulate its purpose, and specify that the bill could not be construed to impair any landowner's ability to receive a tax benefit under Chapters 312 or 313 for any reason except those specified in the bill.

This bill specifies that its provisions would apply only to ad valorem taxes imposed for tax years beginning on or after January 1, 2018.

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, 2018.

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, KK, SD, SJS, LBO