

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 11, 2023

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB805 by Bettencourt (Relating to the taxation of a leasehold or other possessory interest in a public facility granted by a public facility corporation.), **As Introduced**

Passage of the bill would repeal the property tax exemption for certain leasehold or other possessory interests in real property related to public facility corporations. As a result, taxable property values could be increased and the related costs to the Foundation School Fund could be reduced through the operation of the school finance formulas.

The bill would amend Chapter 303 of the Local Government Code to repeal Section 303.042(f), which would repeal the property tax exemption for certain leasehold or other possessory interests in real property related to public facility corporations. The bill would not apply to a leasehold or other possessory interest granted by a public facility corporation before the effective date of this bill. This could result in increased taxable value and decreased costs to the state through the operation of the school finance formulas. It is unknown how many new leasehold or other possessory interest entities would be impacted by this repeal. As such, the fiscal impact cannot be determined.

Local Government Impact

Passage of the bill would repeal the property tax exemption for certain leasehold or other possessory interests in real property related to public facility corporations. As a result, taxable property values could be increased. 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 property value from the repeal of the exemption proposed by the bill.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, AF, SD, BRI