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FISCAL IMPACT REPORT

ORIGINAL DATE 02/11/09

SPONSOR Barreras LAST UPDATED _____ HB 388

SHORT TITLE Property Taxation Of Wastewater SB _____

ANALYST Haug

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	None		

(Parenthesis () Indicate Expenditure Decreases)

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY09	FY10	FY11		
	Unknown	Unknown	Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Taxation and Revenue Department (TRD)

SUMMARY

Synopsis of Bill

House Bill 388, with the emergency clause, adds wastewater to the list of property subject to the special valuation method for water pipelines, tanks and other plant. It also adds a definition of “commercial wastewater property” and gives criteria for how the value of commercial wastewater property should be determined.

FISCAL IMPLICATIONS

House Bill 388 contains no appropriation. TRD states that based on 2006 data, the Property Tax Division (PTD) estimates that this bill causes a reduction in obligations of about \$25,000 annually. PTD estimates that it is possible that a few other properties could be subject to the

special valuation based on 2008 / 2009 records. However, since any shift or reduction in property taxes could be absorbed by increase in rates (subject to the existing caps and yield control), minimal revenue impact is anticipated.

TECHNICAL ISSUES

According to TRD, the emergency clause could create confusion with respect to application of this special method for the 2009 tax year. Reports for property subject to valuation by the Department must be filed by the last day of February. There will not be time for the Department to prepare forms for the reports needed to implement this new special valuation method in this tax year.

GH/mc