

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

February 19, 2003

TO: Honorable Fred Hill, Chair, House Committee on Local Government Ways and Means

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB40 by Chisum (Relating to the exemption of travel trailers from ad valorem taxation.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Section 11.14 of the Tax Code to exempt travel trailers from property taxation if the trailer, on January 1 of the tax year, was registered in Texas as required by law and was not held or used for the production of income. The exemption would apply whether the trailer was real or personal property.

Section 403.302 of the Government Code requires the Comptroller to conduct a property value study to determine the total taxable value for each school district. Total taxable value is an element in the state's school funding formula. Passage of this bill, in concert with the adoption of a constitutional amendment authorizing the Legislature to exempt travel trailers, could cause a change in school district taxable values reported to the Commissioner of Education by the Comptroller and increase state costs to the Foundation School Program accordingly.

The Comptroller's office reports that in 2002 Category M "Other Personal" property value represents less than one-half percent of the total statewide taxable property tax base. Category M property consists of mobile homes on land owned by someone else, and may include privately owned aircraft, boats, travel trailers, motor homes, and mobile homes on rented or leased land. Given the fact that travel trailers represent a sub-set of Category M and are a small fraction of the total property tax base, the statewide financial impact on the state and units of local government from this exemption should 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: JK, JO, SD, WP, BR