

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

Revision 1

April 22, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB480 by Wilson (Relating to eligibility of land located in certain municipalities to be appraised for ad valorem tax purposes as land designated for agricultural use, open-space land, timber land, or restricted-use timber land.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would deny eligibility for qualification for special productivity appraisal based on agricultural or timberland use to land within a city or town having a population of 500,000 or more. Land currently qualified for open-space appraisal and timber appraisal would continue to qualify if all qualification requirements were otherwise met.

Passage of this bill could result in land being placed on local appraisal rolls at its market value that might otherwise qualify for productivity appraisal under current law. The LBB staff contacted the Harris County Appraisal District to obtain data on the potential fiscal impact of the bill. Jim Robinson, Chief Appraiser of Harris County Appraisal District, reported that the taxable property values for the City of Houston would increase an estimated \$132 million. Though it is not known how many appraisal districts would experience a gain in taxable value, this amount illustrates the potential fiscal impact on the State and units of local government.

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 could increase school district taxable values reported to the Commissioner of Education by the Comptroller and reduce costs to the Foundation School Fund.

Local Government Impact

Passage of this bill could result in land being placed on local appraisal rolls at its market value that might otherwise qualify for productivity appraisal under current law. Local taxing units could realize additional property tax revenue from the property value increases.

Source Agencies: 304 Comptroller of Public Accounts, 802 Parks and Wildlife Department

LBB Staff: JK, SD, WP, DLBe