

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**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: HB847** by Rangel (Relating to the eligibility of land to be appraised as open-space land for ad valorem tax purposes.), **As Introduced**

**The bill would delete language denying open-space appraisal qualification to land owned by non-resident aliens or foreign corporations. The bill would also add language to the same section to deny open-space appraisal qualification to land owned by a business entity that did not derive at least 10 percent of its income from agricultural production.**

**The provision that would be deleted was found to be unconstitutional in a 1995 Texas Supreme Court case. Deletion of this language would have no impact on the state or units of local government.**

**The provision which adds a 10 percent agricultural income requirement could result in currently qualified open-space land being placed on local appraisal rolls at its market value. The LBB staff contacted the Harris County Appraisal District to obtain data on the potential fiscal impact of the bill. The Appraisal District reported that the taxable property values for Harris County would increase an estimated \$621.1 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 currently qualified open-space land being placed on local appraisal rolls at its market value. As a result, local taxing units could receive additional property tax revenue.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JK, SD, WP, DLBe