

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 14, 2003

TO: Honorable Teel Bivins, Chair, Senate Committee on Finance

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1980 by Puente (Relating to excepting certain land from the additional tax imposed on the change of use of land appraised for ad valorem tax purposes as open-space land.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would waive imposition of the rollback tax penalty for change of use of open space land when the land is transferred from a city with a population of one million or more to a person for the purpose of conducting a business. The city must also certify that 1,500 or more jobs would be created. The rollback tax penalty is the difference between the actual taxes imposed for each of the five years preceding the change of use and the taxes that would have been paid if the land had been taxed at its higher market value, plus interest at an annual rate of seven percent. These amounts do not impact the amount of taxable property values reported by the Comptroller to the Commissioner of Education. As a result, no fiscal implication to the State is anticipated.

Local Government Impact

The bill would add to existing exceptions to the imposition of a rollback tax penalty for change in use of open space land in three municipalities, Dallas, Houston and San Antonio. Taxing units with jurisdiction in these cities would forgo revenues in instances where a change of use under current law would trigger application of the rollback tax.

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

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