LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 2, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: **HB2383** by Hegar (Relating to the eligibility for exemption from ad valorem taxation of public property used for certain religious purposes.), **As Introduced**

No significant fiscal implication to the State is anticipated.

This bill would provide a property tax exemption for property owned by the state, a political subdivision of the state, or the United States, including a leasehold held or occupied by a qualified religious organization. To qualify, the property would have to be used as a place of regular worship or be an incomplete structure under active construction.

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 the bill would result in a reduction in school district taxable values reported to the Commissioner of Education by the Comptroller and result in an increase in state costs to the Foundation School Fund.

In instances where a qualified religious organization conducted regular religious services on public property currently taxed because the property was not being used for a public purpose, taxable property values would be reduced. Because of its limited application, it is assumed that exemptions would not significantly increase costs to the Foundation School Fund.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts
LBB Staff: JK, SD, WP, DLBe