

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

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

**April 9, 2003**

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

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB3291** by Krusee (Relating to the extension of the period for which an incomplete improvement on property owned by a religious organization may be exempted from ad valorem taxation.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would require a chief appraiser to grant a one-year property tax exemption extension for an incomplete improvement, to be used as a regular place of worship, owned by a qualified religious organization. The organization would be required to show that it had made substantial progress in completing the improvement during the preceding year. The chief appraiser would be allowed to grant no more than three such extensions.

Current law permits a property tax exemption for incomplete improvements owned by religious organizations for no more than three years. Passage of this bill could result in reduced property tax values in instances where incomplete improvements owned by religious organization would be taxed under current law.

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 school funding formula. Passage of this bill could cause a reduction in school district taxable values reported to the Commissioner of Education by the Comptroller and an increase in costs to the Foundation School Fund. Because the bill would apply to a limited number of organizations, no significant impact to the State or units of local government is anticipated.

**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