

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

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

**April 28, 2003**

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

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

**IN RE: SB480** by Madla (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.),  
**Committee Report 1st House, Substituted**

<b>No significant fiscal implication to the State is anticipated.</b>
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This bill would provide that a transfer of property, currently appraised as qualified open-space land, from the state, a political subdivision, or a nonprofit corporation to an individual or business for the purpose of economic development would not trigger the "rollback tax" penalty as the result of a change of use in the property if a chief appraiser, under the direction of a county appraisal board of directors, agreed with the Comptroller's finding that the amount of tax revenues generated was equal to, or exceeded, 20 times the amount of the penalty.

Under current law, the penalty is equal to the difference between the property taxes imposed on the land for each of the preceding five years, preceding the year in which the change of use occurs, and the tax that would have been imposed had the land been taxed on the basis of market value in each of those years, plus interest at an annual rate of seven percent.

Passage of this bill could result in a revenue loss to taxing units in instances where a change of use under current law would trigger application of the rollback penalty; however, due to the restriction on the application of the wavier, it is not anticipated that it would result in a significant fiscal impact on the state or units of local governments.

**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