

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 12, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB510 by Staples (Relating to the exemption of certain travel trailers from ad valorem taxation.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend Section 11.14 of the Tax Code to exempt from property taxation travel trailers if the travel trailer was personal property and was not held or used for the production of income. The exemption would not apply to a structure that is substantially affixed to real estate and is used or occupied as a residential dwelling. A governing body of a taxing unit by resolution or order, may provide for taxation of non-real property travel trailers.

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, in concert with the adoption of a constitutional amendment authorizing the Legislature to exempt travel trailers, could cause a change in school district taxable values reported to the Commissioner of Education by the Comptroller and increase state costs to the Foundation School Program.

The Comptroller's office reports that in 2002 Category M "Other Personal" property value represents less than one-half percent of the total statewide taxable property tax base. Category M property consists of mobile homes on land owned by someone else, and may include privately owned aircraft, boats, travel trailers, motor homes, and mobile homes on rented or leased land. Given the fact that travel trailers represent a sub-set of Category M and are a small fraction of the total property tax base, the statewide financial impact on the state and units of local government from this exemption should not be significant.

Local Government Impact

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

Source Agencies:

LBB Staff: JK, SD, WP, DLBe