

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

**FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION**

**April 4, 2005**

**TO:** Honorable Jim Keffer, Chair, House Committee on Ways & Means

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB361** by Talton (Relating to the requirement that a religious organization apply for an exemption from ad valorem taxation of property owned by the organization.), **As Introduced**

The bill would remove the requirement to file an exemption application to receive a property tax exemption for a religious organization that had a conscientious objection to filing an application. Therefore, it may impact the amount of property tax exemptions granted and change the related costs to the Foundation School Fund.

Under the bill, a religious organization that had conscientious objections to filing a property tax exemption application would not have to apply for an exemption. In lieu of application, the organization would have to notify the appraisal district, and the district would determine, based on information provided by the organization, whether the organization qualified for a property tax exemption. Unless the chief appraiser determined that the information provided by the religious organization was not correct, the property would not be subject to taxation.

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 could cause a change in school district taxable values reported to the Commissioner of Education by the Comptroller.

**Local Government Impact**

Since the bill removes the filing requirement, it may impact the amount of property tax exemptions granted and the related property taxes collected by units of local government.

In addition, the bill would require appraisal districts to investigate the qualifications of religious organizations choosing not to file an exemption application because of conscientious objections. There could be additional costs to taxing units funding appraisal districts that would have to conduct investigations as a result of the bill.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, SD, WP, DLBe