

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 2, 2005

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

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

IN RE: HB1950 by Miller (Relating to a rural rail transportation district and taxation of a leasehold or other possessory interest.), **As Introduced**

Since passage of this bill would provide a basis for exempting the value of leaseholds and possessory interests in exempt rural rail transportation district property, property values and the related Foundation School Fund costs would be reduced. There could be some undetermined loss of revenue to taxing units that currently levy a property tax on taxable leaseholds and possessory interests addressed in the bill.

The bill would provide that a leasehold or other possessory interest in exempt property that is part of a rail facility owned by a rural rail transportation district could not be listed in the appraisal records as taxable property.

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. Since passage of this bill would provide a basis for exempting the value of leaseholds and possessory interests in exempt rural rail transportation district property, school district taxable property values would be reduced and the related Foundation School Fund costs would be increased.

Local Government Impact

Since passage of this bill would provide a basis for exempting the value of leaseholds and possessory interests in exempt rural rail transportation district property, property values and the related ad valorem costs would be reduced for those taxing units that currently levy an ad valorem tax on taxable leaseholds and possessory interests addressed in the bill.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SD, WP, DLBe