

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

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

**April 11, 2005**

**TO:** Honorable Kenneth Armbrister, Chair, Senate Committee on Natural Resources

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

**IN RE: SB767** by Wentworth (Relating to the appraisal for ad valorem tax purposed of land included in a habitat preserve and subject to a conservation easement. ), **Committee Report 1st House, Substituted**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill would require chief appraisers, when appraising certain land subject to a conservation easement, to consider the effect of the easement restrictions on the value of the land.

Market value is the required standard for the appraisal of deed restricted property, and the chief appraiser must take into consideration the effect of use restrictions on the market value of land. Section 23.01 of the Tax Code requires that each property be appraised based upon the individual characteristics that affect the property's market value. Therefore, if chief appraisers are following current law, the bill would have no impact on property values. However, if passage of the bill caused chief appraisers who are not considering the impact of easements to do so, the bill would cause a reduction in property values.

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**

If chief appraisers are following current law, the bill would have no impact on property values. However, if passage of the bill caused chief appraisers who are not considering the impact of easements to do so, the bill would cause a reduction in property values and the related ad valorem tax revenue to units of local government.

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

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