

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

Revision 1

May 22, 2007

TO: Honorable Eddie Lucio, Jr., Chair, Senate Committee on International Relations & Trade

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

IN RE: HB967 by Guillen (Relating to the reappraisal for ad valorem tax purposes of agricultural or open-space land on which the Texas Animal Health Commission has established a temporary quarantine for ticks.), **As Engrossed**

Passage of the bill would modify the appraisal of certain property based on the existence of tick infestation on the property. As a result, taxable property values could be reduced and the related costs to the Foundation School Fund could be increased.

The bill would add Sections 23.48 and 23.60 to the Tax Code to provide and require a method for prorating property taxes on qualified agricultural and open-space land on which the Texas Animal Health Commission has established a temporary quarantine of at least 90 days in length in the current tax year for the purpose of regulating the handling of livestock and eradicating ticks or exposure to ticks at any time during a tax year.

Upon written request, an owner could request and receive from the chief appraiser a reappraisal of the land for each year the land was or is under quarantine. The reappraisal would include the effect on the value of the land caused by the infestation of ticks.

The bill would require taxing units that impose taxes on the land to share the costs of the reappraisal. After reappraisal, taxes on the land would be calculated for each year the land was under quarantine, using a formula reflecting the number of days in each tax year that the land was under quarantine.

For any tax year in which the owner's tax liability was decreased, the bill would require the assessor to send a new tax bill reflecting the decrease in taxes. If the owner had paid taxes, each taxing unit would refund the difference between the tax paid and the tax due under the lower appraisal.

Because the state is constitutionally prohibited from imposing a state property tax, there would be no direct fiscal impact on the state; however, 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.

Passage of the bill would require appraisal districts in certain Texas counties to reappraise and lower taxable values for property owners who request reappraisals on land under a tick quarantine. The reappraisals would be for any tax year when a quarantine was in effect. Taxing units would have to either reduce tax bills for a current tax year or refund a portion of taxes on the subject lands for prior tax years.

According to Texas Animal Health Commission data, for tax years 2002-2006, approximately 238,000 acres of land in seven Texas counties (Cameron, Hidalgo, Kinney, Maverick, Starr, Webb and Zapata) were under tick quarantine for all or a portion of a tax year. The data does not indicate whether the acreage qualified as open-space land.

The amount of revenue loss to units of local government would depend on the number of requested reappraisals and the appraisal methods used by the six appraisal districts.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2007.

Local Government Impact

Passage of the bill would modify the appraisal of certain property based on the existence of tick infestation on the property. As a result, taxable property values and the related ad valorem tax revenue for units of local government could be reduced.

Source Agencies: 304 Comptroller of Public Accounts

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