

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 12, 2007

TO: Honorable Fred Hill, Chair, House Committee on Local Government Ways & Means

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

IN RE: HB3567 by Rose (Relating to the appraisal for ad valorem tax purposes of certain open-space land devoted principally to ecological research.), **As Introduced**

Passage of the bill would mandate the appraisal of qualified ecological research land as native pasture land. Native pasture land is normally the lowest appraisal category of open-space land in most counties. If qualified ecological research land would otherwise be appraised in a higher valued land category, taxable property values could be decreased and the related costs to the Foundation School Fund could be increased.

The bill would amend Section 23.51 and add Section 23.522 to the Tax Code to add definitions and to specify methods for appraising land devoted principally to ecological research.

The bill would define "devoted principally to ecological research" to mean that, as of January 1, land subject to a written agreement that allows a public or private college or university to engage in ecological research on land throughout the year, subject to reasonable notice, and provides that other uses of the land are subordinate to ecological research.

The bill would further define "ecological research" to mean ecological research in furtherance of farming, ranching, or wildlife management purposes and include site visits, surveys, data and sample collection, monitoring, site manipulation, and periods of idleness between those activities. Ecological research would not require the physical presence of a researcher on the land for the majority of a calendar year.

The bill would require an application for open-space appraisal as ecological research land to include a signed statement by a faculty member of a college or university that states that: 1) at least three ecological research projects will be conducted on the land during all or part of the tax year; 2) the research is in furtherance of farming, ranching, or wildlife management purposes; and 3) other uses of the land are subordinate to ecological research. Land used in the occupancy of a residence homestead would not be eligible for appraisal as ecological research land.

The bill would require the chief appraiser to appraise qualified ecological research land as land classified in the county in the native pasture category. Land that has been appraised as ecological research land would qualify for appraisal as proposed by the bill, regardless of the manner in which the land was used in any prior year.

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

Passage of the bill would mandate the appraisal of qualified ecological research land as native pasture land. Since native pasture land is normally the lowest appraisal category of open-space land in most counties, some taxing units could experience an undetermined loss in revenues if qualified ecological

research land would otherwise be appraised in a higher valued land category.

The bill is estimated to have an impact on the state aid districts receive based on the enrichment tier as tied to the yield of the Austin Independent School District (ISD). To the extent that the bill has the effect of lessening Austin ISD's revenue per weighted student per penny of tax effort, as determined by the Commissioner of Education, the equalized yield on those enrichment pennies would decrease, resulting in a decrease in state aid.

The bill would take effect January 1, 2007.

Local Government Impact

Passage of the bill would mandate the appraisal of qualified ecological research land as native pasture land. Since native pasture land is normally the lowest appraisal category of open-space land in most counties, some taxing units could experience an undetermined loss in revenues if qualified ecological research land would otherwise be appraised in a higher valued land category.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, SJS