

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 24, 2007

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

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

IN RE: HB3652 by Homer (Relating to an exemption from ad valorem taxation for certain poultry facilities.), **As Introduced**

Passage of the bill would exempt from property taxation buildings, structures, and fixtures used in the production of poultry. As a result, taxable property values could be decreased and the related costs to the Foundation School Fund could be increased.

The bill would add Section 11.162 to the Tax Code to exempt from property taxation a facility, including a building, structure, and fixture that:

- (1) is used to raise, grow, or otherwise produce poultry for commercial purposes; or,
- (2) is a commercial poultry hatchery that is used to produce chicks, ducklings, goslings, or poults. Current law exempts machinery and equipment used in the production of poultry but not buildings, structures, and fixtures. The exemption would not apply to the land on which an exempt facility was located.

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.

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, 2008, contingent on passage of a constitutional amendment authorizing the exemption.

Local Government Impact

There would be an undetermined loss of revenue to units of local government that have poultry operations located within their boundaries. The amount of loss would depend on the current appraised value improvements to land used in the production of poultry. The Comptroller's Property Tax Division does not receive or maintain information from appraisal districts that would be helpful in determining the impact of this bill.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, SJS