

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 20, 2007**

**TO:** Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

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

**IN RE: SB779** by Hegar (Relating to the appraisal of open-space land devoted principally to agricultural use.), **As Introduced**

If governmental agricultural programs, other than deficiency payments or conservation reserves, were implemented in the future, taxable property values could be increased and the related costs to the Foundation School Fund could be decreased.

The bill would amend Section 23.51(2) of the Tax Code to specify that "agricultural use" includes leaving land idle for the purpose of participating in a governmental deficiency payment or conservation reserve program. The bill also would clarify the term applies to planting cover crops or leaving land idle in conjunction with normal crop or livestock procedures.

The bill would narrow current law that allows idle land to qualify for agricultural use appraisal if participating in any government program.

The Comptroller's Office is unaware of any relevant governmental programs other than deficiency payments or conservation reserves. If other governmental agricultural programs were implemented in the future, there could be a gain to local taxing units. Because it is not possible to predict whether such programs will be implemented, any future gain cannot be determined.

The provision relating to the planting of cover crops or leaving land idle would have no impact because it would conform to current understanding and practice.

The bill would take effect January 1, 2008.

**Local Government Impact**

If governmental agricultural programs, other than deficiency payments or conservation reserves, were implemented in the future, there could be a gain to local taxing units.

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

**LBB Staff:** JOB, DB, SD, SJS