

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 5, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

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

IN RE: HB2292 by Gattis (Relating to the repeal of the additional ad valorem taxes imposed as a result of certain changes in the use of open-space land appraised as agricultural land.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2292, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>School Districts</i>	Probable Revenue Gain/(Loss) from <i>Counties</i>
2010	(\$34,951,000)	(\$8,679,000)
2011	(\$36,650,000)	(\$9,037,000)
2012	(\$39,042,000)	(\$9,560,000)
2013	(\$41,984,000)	(\$10,207,000)
2014	(\$45,151,000)	(\$10,898,000)

Fiscal Analysis

The bill would amend the Tax Code to eliminate the additional tax imposed as the result of certain changes in use of open-space land appraised as agricultural land.

The bill would take effect September 1, 2009.

Methodology

Under current law, the additional tax is the difference in the taxes that would have been due based on market value compared to productivity value plus 7 percent annual interest.

The estimated number of acres changing use is based on a survey of appraisal districts. The estimated loss for counties and school districts is based on current average market and productivity values with market values increasing in future years and productivity values remaining level. Since very little qualified open-space land is located in cities, no loss was projected for cities. The revenue to school districts from this additional tax is not included in calculating state funding to school districts, so no loss to the state was projected.

The bill would take effect September 1, 2009 and would not affect additional taxes imposed before that date. Because these additional taxes are due upon the change of use, losses to taxing units would be immediate.

Losses were estimated using appropriate trended taxing unit rates and trended value gains. All costs were estimated over the five year projection period.

Local Government Impact

The estimated fiscal implication to units of local government is reflected in the above table.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, SJS