

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 21, 2009

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

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

IN RE: HB3272 by Howard, Donna (Relating to the eligibility of land for ad valorem tax appraisal as recreational, park, or scenic land on the basis of a restriction contained in a probated will.),
As Introduced

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 23 of the Tax Code to add tracts of land of five acres or larger that are restricted in use by an enforceable provision of a probated will to be considered use-restricted land that is currently appraised under Subchapter F. The land would be required to be restricted by the will to recreational, park or scenic uses and open to the public, as is other use-restricted land under current law.

Market value, as currently defined in Section 1.03(7) of the Tax Code, is what a property would sell for under certain conditions. One of the conditions is that the buyer and seller know about the enforceable restrictions on the use of the property. This indicates that market value should be lower to the extent that any property restrictions reduce the property's potential sales price. Subchapter F of Chapter 23 of the Tax Code prohibits the use of sales of non-restricted property in the appraisal of restricted property and also specifies the kinds of restriction that would be considered valid. The current Subchapter F provisions clarify how a market value appraisal should be performed for the specified deed restricted property but does not offer an exemption from market value. As a result, the addition of another kind of restricted land to the land currently appraised under this subchapter would not cause a significant cost to any taxing unit or to the state.

The bill would take effect on January 1, 2010.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, SJS