

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 27, 2011**

**TO:** Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

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

**IN RE: HB2746** by Martinez Fischer (relating to liability for the additional tax imposed on land appraised for ad valorem tax purposes as qualified open-space land in the event of a change of use of the land if the land is transferred to a charitable organization for purposes of building housing for sale without profit to a low-income individual or family.), **Committee Report 1st House, Substituted**

**No fiscal implication to the State is anticipated.**

The bill would amend Section 23.55 of the Tax Code, regarding property taxation and a change of use of qualified agricultural land which normally triggers additional taxes based on the difference between the land's market value and productivity value in each of the last five years plus interest. The bill would except from this procedure (known as "ag rollback tax") a change of use resulting from a transfer of qualified agricultural land to an organization described by Section 11.181(a) of the Tax Code (charitable organization improving property for low income housing) if the organization converts the real property to a use for which the real property is eligible for an exemption under Section 11.181(a), and if the commissioners court of the county in which the real property is located waives the ag rollback tax sanctions.

To the extent that county commissioners courts agree to waive the ag rollback tax sanctions, the bill's proposed exception from ag rollback taxes for property transferred to a qualified charitable organization improving property for low income housing would create a cost to units of local government. Because the extent to which counties would waive the ag rollback tax sanctions, and the number of acres of future transfers of qualified agricultural land to qualified charitable organizations improving property for low income housing are unknown, the cost to local governments cannot be estimated. There would be no cost to the state because the revenue to school districts from this additional tax is not included in calculating state funding to school districts.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2011.

**Local Government Impact**

To the extent that county commissioners courts agree to waive the ag rollback tax sanctions, the bill's proposed exception from ag rollback taxes for property transferred to a qualified charitable organization improving property for low income housing would create a cost to units of local government.

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

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