

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 21, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1434 by Hegar (Relating to the definition of new property value for purposes of the calculation of certain ad valorem tax rates for a county.), **As Introduced**

<p>No fiscal implication to the State is anticipated.</p>
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The bill would amend Section 26.012, of the Tax Code, related to property tax rate calculation definitions, to specify that for purposes of a county, the increase in total taxable value of real property interests in oil or gas in place listed on the appraisal roll in the current year attributable to the production of oil or gas from wells completed after January 1 of the preceding year is included as "new property."

The change in the definition of new property proposed by the bill would increase the rollback tax rate in certain counties with increases in the taxable value of oil and gas real property. This would enable those counties to adopt a higher tax rate without triggering certain notices, hearings, and a potential election to reduce the tax rate to the rollback tax rate. Consequently, to the extent that the affected counties take advantage of the ability to increase tax rates without the consequences discussed above, there would be a fiscal gain in those counties.

The actual tax rate increases that may result from the bill cannot be predicted, so the fiscal gain cannot be estimated.

Local Government Impact

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Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS