

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 27, 2015

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB275 by Ashby (Relating to the exemption from ad valorem taxation of farm products.),
As Engrossed

<p>No significant fiscal implication to the State is anticipated.</p>
--

The bill would amend Chapter 11 of the Tax Code, regarding taxable property and exemptions, to specify that an egg, as defined in the Agriculture Code, is a farm product for purposes of the property tax exemption for farm products in the hands of the producer, regardless of whether the egg is packaged. The bill would add eggs to the specified farm products that are considered to be in the hands of the producer if under the ownership of the person who is financially providing for the physical requirements of the specified farm products on January 1 of the tax year.

The bill's proposed specification of eggs as an exempt farm product would create a cost to local taxing units and to the state through the operation of the school funding formula. The value of eggs currently being denied exempt status that would become exempt under the bill is unknown; consequently, the cost of the bill cannot be estimated. The cost, however, would not be significant.

The bill would take effect on January 1, 2016.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SZ, SD, SJS