

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**April 27, 2015**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB1932** by Burns (Relating to the eligibility of land for appraisal for ad valorem tax purposes as qualified open-space land on the basis of its use for wildlife management.),  
**As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB1932, As Introduced: a negative impact of (\$1,580,000) through the biennium ending August 31, 2017.

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
2016	\$0
2017	(\$1,580,000)
2018	(\$7,948,000)
2019	(\$14,672,000)
2020	(\$20,283,000)

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>Foundation School Fund 193</i>	Probable Revenue Gain/(Loss) from <i>School Districts</i>	Probable Revenue Gain/(Loss) from <i>Counties</i>	Probable Revenue Gain/(Loss) from <i>Cities</i>
2016	\$0	\$0	\$0	\$0
2017	(\$1,580,000)	(\$8,041,000)	(\$2,925,000)	(\$2,887,000)
2018	(\$7,948,000)	(\$9,890,000)	(\$5,436,000)	(\$5,355,000)
2019	(\$14,672,000)	(\$10,058,000)	(\$7,555,000)	(\$7,426,000)
2020	(\$20,283,000)	(\$9,572,000)	(\$9,142,000)	(\$8,969,000)

<b>Fiscal Year</b>	<b>Probable Revenue Gain/(Loss) from <i>Other Special Districts</i></b>
2016	\$0
2017	(\$2,033,000)
2018	(\$3,775,000)
2019	(\$5,241,000)
2020	(\$6,336,000)

## **Fiscal Analysis**

The bill would amend Subsection 23.51(7) of the Tax Code to delete the part of the "wildlife management" definition that requires the land to have been appraised as qualified open space or timber land at the time the wildlife management use began. The definition would require instead that the landowner actively use the land in a manner that meets the standards developed under Section 23.521 of the Tax Code (standards for qualification of land for appraisal based on wildlife management use).

The bill would also specify that the category of land that qualifies for open-space land appraisal as wildlife management land is native pasture, rather than the land's open space or timber category before the wildlife management use began.

The bill would take effect January 1, 2016.

## **Methodology**

Land qualified for special appraisal as open space land is appraised at significantly less than market value. The bill's deletion of the requirement that, to qualify for open space appraisal as wildlife management land, the land must have been appraised, at the time the wildlife management use began, as qualified open space or timber land would create a fiscal impact because it would enable land that has never previously qualified for open space appraisal to immediately qualify for such appraisal as wildlife management land.

The bill's required placement of wildlife management land in the native pasture land use category, instead of the land's category prior to its use for wildlife management, would create an additional fiscal impact because native pasture is appraised at less than most other land categories. This would reduce the appraised value of some of the existing wildlife management land and would encourage land that is in higher valued open space categories to switch to wildlife management to obtain a lower appraised value.

The reductions in the appraised value of land that would be caused by the bill would create a cost to units of local government and to the state through the school finance formula. The value loss estimate was based on information from appraisal districts.

Projected tax rates were applied through the five-year projection period to estimate the tax revenue loss to special districts, cities and counties, and to estimate the school district loss that would be partially transferred to the state. Under the hold harmless provisions of the Education Code, only a small portion of each year's additional school district loss related to the compressed rate would be transferred to the state while in subsequent years 100 percent of that loss would be transferred to the state. Because lagged year property values are used in the enrichment formula, school districts lose enrichment funding (a state gain) in the first year of a taxable property value reduction. In the second and successive years the enrichment loss and a portion of the school

district debt (facilities) loss are transferred to the state through the relevant funding formulas.

**Local Government Impact**

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

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

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