

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 10, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1946 by Bonnen, Dennis (relating to the appraisal for ad valorem tax purposes of a real property interest in oil or gas in place.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 23 of the Tax Code, regarding property tax appraisal methods and procedures, to provide that, in some specified circumstances for purposes of appraising a real property interest in oil or gas in place, the price adjustment factor is calculated based on the U.S. Energy Information Administration's (EIA's) most recently published edition of the Annual Energy Outlook, rather than EIA's Early Release Overview of the Annual Energy Outlook. If on March 1st of the current calendar year the most recently published edition of the Annual Energy Outlook was published before December 1st of the preceding calendar year, the bill would require the chief appraiser to use for the price adjustment factor calculations the projected current and preceding calendar year specified prices as stated in EIA's Short-Term Energy Outlook report published in January of the current calendar year.

For purposes of calculating the price adjustment factor, the bill would replace references to the "price of imported low-sulfur light crude oil in nominal dollars" with "spot price of West Texas Intermediate crude oil in nominal dollars per barrel" and would replace references to the "spot price of natural gas at the Henry Hub in nominal dollars" with "spot price of natural gas at the Henry Hub in nominal dollars per million British thermal units."

The bill would make technical corrections to ensure property tax appraisers have oil and gas price information necessary to perform timely appraisals for the current tax year, but would not affect taxable property values, tax rates, collection rates, or any other variable which might affect the revenues of units of local governments or the state.

The bill would take effect January 1, 2016.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS