

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

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**April 27, 2017**

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

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

**IN RE:** HB777 by Ashby (Relating to the eligibility of land owned by certain members of the armed services of the United States for appraisal for ad valorem tax purposes as qualified open-space land.), **As Engrossed**

**Passage of the bill would provide that open-space agricultural appraisal does not end when an owner is not meeting the requirement that land be devoted principally to agricultural use if the owner is deployed or stationed outside of this state as a member of the U.S. armed services and intends that the use of land be resumed when the owner ceases to be deployed or stationed outside of the state. As a result, taxable property values could be reduced and the related costs to the Foundation School Fund could be increased through the operation of the school finance formulas to the extent that property owners retain their open-space appraisal.**

The bill would amend Chapter 23 of the Tax Code, regarding property tax appraisal methods and procedures, to provide that open-space agricultural appraisal does not end when an owner is not meeting the requirement that land be devoted principally to agricultural use to the degree of intensity generally accepted in the area if the owner:

1. is deployed or stationed outside of this state as a member of the U.S. armed services; and
2. intends that the use of land be resumed to the manner and to the degree of intensity generally accepted in the area not later than 180 days after the date the owner ceases to be deployed or stationed outside of the state.

The owner must notify the appraisal district in writing not later than 30 days after the deployment date or the date the owner is stationed outside of the state. For land owned by a U.S. armed services member who is deployed or stationed outside this state on the effective date of this bill, this notice may be provided not later than 90 days after the effective date of this bill if the chief appraiser has not determined a change of use as of the bill's effective date.

The bill would allow U.S. armed service members to retain their open-space appraisal that they may otherwise lose because they are not able to maintain the manner in which the land is used or maintain the degree of intensity generally accepted in the area while deployed or stationed outside this state. The number of affected property owners is not known. There would be an insignificant cost to local taxing units and to the state through the school funding formula to the extent that property owners retain their open-space appraisal (which is usually much lower than the market value) instead of losing it.

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

1, 2017.

### **Local Government Impact**

Passage of the bill would provide that open-space agricultural appraisal does not end when an owner is not meeting the requirement that land be devoted principally to agricultural use if the owner is deployed or stationed outside of this state as a member of the U.S. armed services and intends that the use of land be resumed when the owner ceases to be deployed or stationed outside of the state. As a result, taxable property values and the related ad valorem tax revenue for units of local government could be reduced to the extent that property owners retain their open-space appraisal.

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

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