

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 2, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2133 by Anderson, Rodney (Relating to the exemption from ad valorem taxation for property owned by a religious organization for purposes of expanding a religious facility or constructing a new religious facility.), **As Introduced**

Passage of the bill would allow certain exempt land held by a religious organization to keep a property tax exemption which would otherwise expire. 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.

The bill would amend Chapter 11 of the Tax Code, regarding property tax exemptions, to strike the six-year limitation on the property tax exemption on a tract of land owned for certain religious worship expansion purposes that is contiguous to the tract of land on which the religious organization's place of regular religious worship is located.

The bill would create a cost to local taxing units and to the state through the school finance formulas by allowing certain exempt land held by a religious organization to keep a property tax exemption which would otherwise expire. The value of land that would remain exempt under the bill rather than become taxable under current law is unknown; consequently, the cost cannot be estimated.

The bill would take effect January 1, 2018.

Local Government Impact

Passage of the bill would allow certain exempt land held by a religious organization to keep a property tax exemption which would otherwise expire. As a result, taxable property values and the related ad valorem tax revenue for units of local government could be reduced.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS