

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 12, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3198 by Darby (Relating to liability for the additional tax imposed on land appraised for ad valorem tax purposes as qualified open-space land in the event of a change of use of the land as a result of oil and gas operations.), **As Engrossed**

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 the additional taxes and interest that are imposed on qualified open space land when the land's use changes to a non-qualifying use do not apply to a change in use that occurs as a result of a lessee conducting oil and gas operations under a lease over which the Railroad Commission of Texas (RRC) has jurisdiction under Section 81.051 of the Natural Resources Code, regarding the jurisdiction of the RRC.

Section 81.051 of the Natural Resources Code does not give the RRC jurisdiction over leases but over certain common carrier pipelines, oil and gas wells, persons owning or operating pipelines, and persons owning or drilling or operating oil or gas wells.

Because the bill applies to leases over which the RRC has jurisdiction under Section 81.051, and that provision does not give the RRC jurisdiction over leases, the bill 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 September 1, 2017.

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