

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 11, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3614 by Morrison, Geanie W. (Relating to the definition of new property value for purposes of the calculation of certain ad valorem tax rates for a county.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 26 of the Tax Code, regarding property tax assessment, to include as new property value, for purposes of certain county tax rate calculations (including the rollback tax rate), the increase in total taxable value of real property interests in oil or gas in place listed on the appraisal roll in the current year attributable to the production of oil or gas from wells completed after January 1 of the preceding year.

The inclusion as new property of the taxable value of real property interests in oil or gas in place attributable to the production of oil or gas from wells completed after January 1 of the preceding year would result in higher rollback tax rates for counties with such new property. The rollback tax rate is the rate above which a proposed tax rate may be challenged by the voters in an election (if the voters require it in a valid petition). The election could result in a reduction of the proposed tax rate to the rollback tax rate. To the extent that the affected counties take advantage of the higher rollback rates to adopt higher tax rates than they would under current law, the bill would create a gain to those counties. The bill would not affect the state because it does not include school districts.

The future actions of counties in adopting tax rates is unknown; consequently the gain cannot be estimated.

The bill would take effect January 1, 2018.

Local Government Impact

Passage of the bill would include as new property value, for purposes of certain county tax rate calculations (including the rollback tax rate), the increase in total taxable value of real property interests in oil or gas in the current year attributable to the production of oil or gas from wells completed after January 1 of the preceding year. The election could result in a reduction of the proposed tax rate to the rollback tax rate. To the extent that the affected counties take advantage of the higher rollback rates to adopt higher tax rates than they would under current law, the bill would create a gain to those counties.

Source Agencies: 304 Comptroller of Public Accounts
LBB Staff: UP, KK, SD, SJS