

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

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

**March 24, 2017**

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

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

**IN RE: SB1006** by Nichols (Relating to the eligibility of land used as an ecological laboratory for appraisal for ad valorem tax purposes as qualified open-space land.), **As Introduced**

**Passage of the bill would disqualify ecological laboratory land from special open-space land appraisal if it is not already qualified for such appraisal in 2017. As a result, taxable property values could be increased and the related costs to the Foundation School Fund could be decreased through the operation of the school finance formulas.**

The bill would amend Chapter 23 of the Tax Code, regarding property tax appraisal methods and procedures, to provide that land used principally as an ecological laboratory by a public or private college or university does not qualify for special open-space land appraisal on the basis of that use unless the land was appraised as qualified open-space land on the basis of that use for the 2017 tax year.

Special open-space land appraisal results in an appraised value for property tax purposes that is significantly less than the market value. The bill's proposed disqualification of ecological laboratory land from special open-space land appraisal if it is not already qualified for such appraisal in 2017 would create a gain to local taxing units and to the state through the school finance formulas by causing certain ecological laboratory land that cannot otherwise qualify for special appraisal to be appraised at market value. The amount of future ecological laboratory land that would be disqualified by the bill is unknown; consequently, the gain cannot be estimated.

The bill would take effect on January 1, 2018.

**Local Government Impact**

Passage of the bill would disqualify ecological laboratory land from special open-space land appraisal if it is not already qualified for such appraisal in 2017. As a result, taxable property values and the related ad valorem tax revenue for units of local government could be increased.

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

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