

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: **SB1514** by Estes (Relating to the eligibility of land for appraisal for ad valorem tax purposes as qualified open-space land if the land is used for certain oil and gas operations.), **As Introduced**

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 eligibility of land for special open-space appraisal does not end because a lessee begins conducting oil and natural gas operations on the land under a lease over which the Railroad Commission of Texas has jurisdiction under Section 81.051 of the Natural Resources Code, regarding the jurisdiction of the RRC, if the land otherwise continues to qualify for such appraisal.

The bill would not affect an additional tax imposed as a result of a change of use of land that occurred before the effective date.

Section 81.051 of the Natural Resources Code does not give the RRC jurisdiction over leases but over certain common carrier pipelines, oil and natural gas wells, persons owning or operating pipelines, and persons owning or drilling or operating oil or natural 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 on the date voters approve a companion constitutional amendment (SJR 51). If voters do not approve that amendment, this bill would have no effect.

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