

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 5, 2019

TO: Honorable Dustin Burrows, Chair, House Committee on Ways & Means

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB639 by Springer (relating to the eligibility of land used as an ecological laboratory for appraisal for ad valorem tax purposes as qualified open-space land.), **Committee Report 1st House, Substituted**

Passage of the bill would limit ecological laboratory land from special open-space land appraisal to land that had been used in that manner for five of the preceding seven years, limiting the growth of new ecological laboratory land that would qualify for special open-land appraisal. 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 Section 23.51 of the Tax Code, regarding definitions related to appraisal of agricultural land, to provide that for land used principally as an ecological laboratory by a public or private college or university to qualify for special open-space land appraisal it must have been used in that manner by the college or university for five of the preceding seven years.

The provisions of the bill would not apply to land that first qualified for special open-space land appraisal on the basis of its use as an ecological laboratory for tax years 2014 through 2020.

Special open-space land appraisal results in an appraised value for property tax purposes that is significantly less than the market value. The bill would limit ecological laboratory land from special open-space land appraisal to land that had been used in that manner for five of the preceding seven years, limiting the growth of new ecological laboratory land that would qualify for special open-land appraisal. This limit 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 qualify for special appraisal under this bill to be appraised at market value. The amount of ecological laboratory land that would not qualify is unknown; consequently, the gain cannot be estimated.

The bill would take effect January, 1 2020.

Local Government Impact

Passage of the bill would limit ecological laboratory land from special open-space land appraisal to land that had been used in that manner for five of the preceding seven years, limiting the growth of new ecological laboratory land that would qualify for special open-land appraisal. 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: WP, KK, SD, SJS