

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 23, 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: HB948 by Metcalf (Relating to the period for which certain land owned by a religious organization for the purpose of expanding a place of religious worship or constructing a new place of religious worship may be exempted from ad valorem taxation.), **As Introduced**

Passage of the bill would increase the current six year limitation to a ten year limitation on a tract of land owned for certain religious worship expansion purposes that is contiguous to the tract of land on which the religious organization's place of regular religious worship is located. As a result, taxable property values could be reduced and the related costs to the Foundation School Fund could be increased through the operation of the school finance formulas.

The bill would amend Chapter 11 of the Tax Code, regarding property tax exemptions, to increase the current six year limitation to a ten year limitation on a tract of land owned for certain religious worship expansion purposes that is contiguous to the tract of land on which the religious organization's place of regular religious worship is located.

The bill would create a cost to local taxing units and to the state through the school finance formulas by allowing certain exempt land held by a religious organization to keep a property tax exemption which would otherwise expire. The value of land that would remain exempt under the bill rather than become taxable under current law is unknown; consequently, the cost cannot be estimated.

The bill would take effect January 1, 2020.

Local Government Impact

Passage of the bill would increase the current six year limitation to a ten year limitation on a tract of land owned for certain religious worship expansion purposes that is contiguous to the tract of land on which the religious organization's place of regular religious worship is located. As a result, taxable property values and the related ad valorem tax revenue for units of local government could be reduced.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SJS

