

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 12, 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: HB1188 by Hefner (Relating to the appraisal of land for ad valorem tax purposes as qualified open-space land following a transfer between family members.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend Chapter 23 of the Tax Code, regarding appraisal methods and procedures, to provide that a person is not required to file a new open-space application because of a change of ownership of the land if the new owner is related to the former owner within a second degree of affinity or third degree of consanguinity and notifies the appraisal office in writing within 180 days of the transfer.

The bill would also amend Chapter 25 of the Tax Code, regarding local property tax appraisal, to add new provisions that the appraisal review board, on motion of the chief appraiser or property owner, may direct changes in the appraisal roll. The appraisal review board may order the appraised value of the owner's land in either of the two preceding years to be changed to the value at which the land would have been appraised as agricultural open-space land if certain requirements are met.

If an appraisal roll is changed under the provisions of the bill, the property owner must pay to each affected taxing unit a penalty equal to 10 percent of the difference between the amount of tax imposed on the land and the amount of tax that would have been imposed had the land been taxed a market value.

The bill's proposed procedure to make changes in the appraisal roll for the preceding two years could create a cost to local taxing units and to the state through the school finance formulas. The amount and timing of those changes is unknown; consequently, the cost of the bill cannot be estimated but is not expected to be significant.

The bill would take effect January 1, 2020.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SJS