

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

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**March 26, 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: HB2160** by Raymond (Relating to the qualification of land for appraisal for ad valorem tax purposes as qualified open-space land.), **As Introduced**

**Passage of the bill would expand the definition of land that would qualify for open-space appraisal. 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 23 of the Tax Code, related to property tax appraisal methods and procedures, to specify in the definition of "qualified open space land" that, notwithstanding the other provisions of Subsection 23.51(1), land qualifies for open-space appraisal if the land:

- is currently devoted principally to agricultural use to the degree of intensity generally accepted in the area; and
- was acquired by a person who owns land that is appraised as qualified open-space land that is adjacent to the land acquired.

The bill would apply only to the appraisal of land for an ad valorem tax year beginning on or after the effective date.

Land qualified for open-space appraisal is appraised according to a special appraisal formula that results in an appraised value significantly less than market value. Expanding the definition of land that would qualify for open-space appraisal would create a cost to local taxing units and to the state through the school funding formulas. The value and additional amount of land that would qualify for special open-space appraisal under the bill is unknown. As a result, the cost of the bill cannot be estimated.

The bill would take effect January 1, 2020.

**Local Government Impact**

Passage of the bill would expand the definition of land that would qualify for open-space appraisal. 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