

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

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

**May 15, 2019**

**TO:** Honorable Paul Bettencourt, Chair, Senate Committee on Property Tax

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

**IN RE: HB2942** by Guillen (Relating to the eligibility of land to continue to be appraised for ad valorem tax purposes as qualified open-space land if the land is temporarily used for sand mining operations; authorizing a fee.), **As Engrossed**

**The bill would have an indeterminate fiscal impact to the state because the amount of fees collected for determination letters and the value and number of acres that would qualify for continued special open space appraisal under the specific parameters of the bill are unknown.**

Additionally, enactment of the bill would provide that the eligibility of land for special open space appraisal does not end because the land is used for a sand mining operation for a limited time. 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 not make any appropriation but could provided the legal basis for an appropriation of funds to implement the provisions of the bill.

The bill would amend the Tax Code related to the eligibility of land to continue to be appraised for ad valorem tax purposes if the land is temporarily used for sand mining operations. The bill would apply to sand mining operations that overlie the Carrizo Aquifer and is located within 30 miles of a municipality boundary with a population of more than 500,000 or one mile of a building in use as a residence. The bill would require the Commission on Environmental Quality to 1) adopt rules stating the standard best practices for reclamation of land used for sand mining, 2) establish a process to allow a land owner to obtain a letter determining whether land was reclaimed according to standard best practices, 3) notify appraisal districts that a land owner has applied for a determination letter, and 4) issue a determination letter to the requesting landowner and affected appraisal district. The Commission on Environmental Quality would, under the provisions of the bill, be authorized to charge a fee to landowners seeking a determination letter. The fee could not exceed the administrative costs associated with making the determination and issuing the determination letter.

According to the Comptroller of Public Accounts, the amount requests for letters of determination and associated fee revenue for making determinations and issuing determination letters cannot be determined. Additionally, it is assumed that any fee revenue would be deposited to the credit of General Revenue.

The Commission on Environmental Quality indicated that any costs associated with implementing

the provisions of the bill could be absorbed within the agency's existing resources. Additionally, the agency states that it does not anticipate revenue related to making determinations and issuing determination letters would be significant.

According to the Comptroller of Public Accounts, special open space appraisal of agricultural land results in an appraised value that is significantly lower than the land's market value. Consequently, the bill's provisions that would keep land used in sand mining qualified for special appraisal that would otherwise be appraised at its higher market value would create a cost to local taxing units and to the state through the school funding formulas. The value and number of acres that would qualify for continued special open space appraisal under the specific parameters of the bill are unknown. Consequently, the cost cannot be estimated.

The bill would take effect immediately with a two-thirds vote, otherwise on September 1, 2019.

### **Local Government Impact**

Any local or governmental entities operating sand mining operations in areas defined in the bill would be subject to the requirements and associated costs resulting from this bill. Although these costs cannot be determined, it is assumed these costs would not be significant.

**Source Agencies:** 304 Comptroller of Public Accounts, 305 General Land Office and Veterans' Land Board, 582 Commission on Environmental Quality, 455 Railroad Commission

**LBB Staff:** WP, KK, TBo, GDz, SZ, MW, AH, AF, SJS