

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 18, 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: **SB474** by Hancock (Relating to the eligibility of land secured by a home equity loan to be designated for agricultural use for ad valorem tax purposes.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would repeal Section 23.42 (a-1) of the Tax Code, which prohibits an individual from having land designated for agricultural use if the land secures a home equity loan described by Section 50(a)(6), Article XVI, Texas Constitution.

The Constitutional provision prohibiting home equity loans on property with an agricultural exemption was repealed in 2017. It is unknown whether appraisal districts are following the provision that this bill would repeal. Furthermore, the repealed provision is in Subchapter C of the Tax Code, which is very rarely used by applicants for special agricultural appraisal because the Subchapter D eligibility requirements are much less stringent. Consequently, the bill would have an unknown but insignificant effect on the revenues of units of local governments and the state.

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