

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 22, 2021

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: **HB2535** by Sanford (relating to the appraisal for ad valorem tax purposes of real property that includes certain improvements used for the noncommercial production of food for personal consumption.), **Committee Report 1st House, Substituted**

Passage of the bill would exclude from real property the value of chicken coops and rabbit pens used for the noncommercial production of food for personal consumption. 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, regarding property tax appraisal methods and procedures, to exclude from real property the value of any chicken coops or rabbit pens used for the noncommercial production of food for personal consumption.

The bill's exclusion of chicken coops and rabbit pens used for noncommercial production would reduce taxable property values and the related revenue for local taxing units and would be a cost to local taxing units and to the state through the school funding formulas. Keeping chickens and other urban agriculture is becoming an increasingly popular venture; however, there is insufficient information regarding the number of backyard chicken and rabbit projects for personal consumption. The number of properties and corresponding values that would qualify to be excluded under the bill is unknown; consequently, the cost of the bill cannot be estimated.

The bill would take effect January 1, 2022.

Local Government Impact

Passage of the bill would exclude from real property the value of chicken coops and rabbit pens used for the noncommercial production of food for personal consumption. 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: JMc, KK, SD, BRI