

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 10, 2023

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2354 by Hefner (relating to the eligibility of land to continue to be appraised for ad valorem tax purposes as qualified open-space land following a transfer to a surviving spouse.), **Committee Report 2nd House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 23 of the Tax Code, relating to Appraisal Methods and Procedures, to state the eligibility of land to be appraised for ad valorem tax purposes as qualified open-space land transfers from the former owner to a surviving spouse.

Qualified open space land is appraised according to a statutory formula that results in an appraised value that is significantly less than the market value. Under current law, a change in ownership requires a new owner to file an application to keep the special appraisal as long as a change in use of the land has not occurred and continues to be eligible. The bill would allow a transfer from a former owner to a surviving spouse without having to reapply for the special appraisal. To the extent that surviving spouses are not reapplying to keep special appraisal for qualified land, there could be a cost to units of local government and the state through operations of the school funding formula; however, it is not expected to be significant.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, AF, BRI, KK, SD