

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

**FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION**

**April 16, 2023**

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

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB3241** by Guillen (Relating to the exemption of certain assets used for agricultural production from property taxes.), **As Introduced**

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| <b>No significant fiscal implication to the State is anticipated.</b> |
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This bill would amend Chapter 11 of the Tax Code, relating to Taxable Property and Exemptions, to exempt farm production inputs in the hands of the producer, as defined in this bill, from property taxation.

Currently, farm products such as eggs or timber are property tax exempt as are machinery and equipment used in the production of farm or ranch products. The bill would add the inputs such as seeds, feed, fertilizers, and pesticides to the list of tax-exempt property used in farm production.

Passage of the bill would reduce taxable property. Under provisions of the Education Code, the school district revenue loss is partially transferred to the state. However, the cost is not expected to be significant.

**Local Government Impact**

Passage of the bill would exempt the value of certain farm production inputs, as provided by the bill, from property taxation. As a result, taxable property value could be reduced. However, the no-new-revenue and voter-approval tax rates as provided by Section 26.04, Tax Code could be higher as a consequence of the reduction in taxable property value proposed by the bill.

Under provisions of the Education Code, the school district revenue loss is partially transferred to the state.

**Source Agencies:** 304 Comptroller of Public Accounts

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