

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 26, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB247 by Guillen (relating to an exemption from ad valorem taxation of the amount of the appraised value of real property located in certain counties that arises from the installation or construction on the property of border security infrastructure and related improvements and to the consideration of the price paid by certain governmental entities for a parcel of or easement in real property purchased for the purpose of installing or constructing such infrastructure when appraising other real property.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

Contingent on the passage of HJR 34, the bill would exempt the appraised value of real property located in a county that borders the United Mexican States that arises from the installation or construction on the property of border security infrastructure and related improvements.

The bill would provide a definition of “border security infrastructure” and “qualified border security infrastructure agreement.” Such an agreement could include installation or construction of improvements that are not border security infrastructure.

The bill would establish that a person is entitled to an exemption from property tax in the amount of appraised value of real property that arises from the installation or construction of an improvement under a qualified border security infrastructure agreement or on land subject to a recorded easement granted by the property owner to the State of Texas or the United States for border security purposes.

The bill would prohibit the chief appraiser from considering the price paid by the State of Texas or the United States for a parcel or easement when determining the market value of real property, if the purchase was for installing or constructing border security infrastructure.

The bill would exempt the appraised value of real property, including easements, related to the installation or construction on the property of border security infrastructure in certain counties, as well as border security items covered in a qualified border security infrastructure agreement, which reduce taxable value and the associated property tax revenue for school districts. As a result, state costs would increase through the operation of the school finance formula. However, these costs are not expected to be significant.

Local Government Impact

Contingent upon passage of a constitutional amendment authorizing the property tax exemption, the bill would exempt the appraised value of real property, including easements, related to the installation or construction on the property of border security infrastructure in certain counties, as well as border security items covered in a qualified border security infrastructure agreement, which would reduce taxable value. However, the no-new-revenue and voter-approval tax rates as provided by Section 26.04, Tax Code would be higher as a consequence of the reduced taxable property value proposed by the bill. If cities, counties, and special districts did not adopt higher rates, local levies would be reduced. If those jurisdictions adopted higher tax rates, the initial revenue loss from the exemption would be offset by increased tax levies from owners of non-exempt property and slightly reduced tax savings from owners of exempt property.

According to the Comptroller of Public Accounts, there is currently active construction happening in Cameron, Starr, Zapata, Webb, Maverick, and Val Verde counties that could be subject to the exemption.

Source Agencies: 303 Facilities Commission, 304 Comptroller of Public Accounts

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