

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 9, 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 the taxation of border security infrastructure.), **As Introduced**

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, including easements, owned by a person that arises from the installation or construction on the property of 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, as well as border security items, 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, as well as border security items, 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

LBB Staff: JMc, KK, SD, BRI