

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION

March 14, 2025

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1399 by Harris (Relating to an exemption from ad valorem taxation of tangible personal property consisting of animal feed held by the owner of the property for sale at retail.), **As Introduced**

No significant fiscal implication to the State is anticipated.

Contingent on the passage of HJR 99, the bill would provide a property tax exemption for certain animal feed held for sale at retail – feed for farm and ranch animals, and for animals held for sale in the regular course of business, exempted from sales and use tax under Section 151.316, Tax Code.

The exemption proposed by the bill would 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 exemption, passage of the bill would exempt the value of certain animal feed from the property tax. As a result, taxable property values for local governments 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 reduced taxable value. 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.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD, BRI