

SUBJECT: Authorizing property tax exemption for animal feed held for retail sale

COMMITTEE: Ways & Means — committee substitute recommended

VOTE: 11 ayes — Meyer, Thierry, Button, Craddick, Gervin-Hawkins, Hefner, Muñoz, Noble, Raymond, Shine, Turner

0 nays

WITNESSES: For — Ted Britton, Rafter B Farm & Ranch; Tara Artho, Texas Grain and Feed Association (*Registered, but did not testify*: Jimmy Reed, Colony Ranch Supply; Kevin Hale, Libertarian Party of Texas; John Kroll, MG Feed, Inc.; Charlie Leal, Texas Farm Bureau)

Against — (*Registered, but did not testify*: Susan Stewart)

On — (*Registered, but did not testify*: Allison Mansfield, Brad Reynolds, Comptroller of Public Accounts)

DIGEST: CSHB 623 would establish a property tax exemption for animal feed held for sale by retailers. The bill would entitle an owner of tangible personal property consisting of animal feed exempt from sales and use tax to a property tax exemption for the appraised value of the tangible personal property held by the owner for retail sale.

The bill would apply only to property taxes imposed for a tax year that began on or after the effective date.

The bill would take effect January 1, 2024, but only if the constitutional amendment proposed by this Legislature was approved by voters. If the constitutional amendment was not approved, the bill would have no effect.

SUPPORTERS SAY: CSHB 623 would establish a property tax exemption for animal feed sold in feed stores and other retail outlets. Animal feed is essential for food production and preserving animal stock. Feed is not subject to sales tax and is taxed at only one point from producer to consumer: when it is held

by a retailer for sale through an inventory property tax paid by the retailer. This tax often is passed to the consumer in the form of higher feed prices, which impacts affordability. Eliminating the property tax on feed held by retailers could reduce costs and improve the affordability of animal feed.

CRITICS
SAY:

No concerns identified.

NOTES:

The constitutional amendment authorizing CSHB 623 is HJR 47, which also is on the daily House calendar for second reading consideration today.

According to the Legislative Budget Board, CSHB 623 would result in a \$3,373,000 revenue loss to general revenue related funds through the end of fiscal 2025.