

- SUBJECT:** Classifying eggs as a farm product for property tax exemption purposes
- COMMITTEE:** Agriculture and Livestock — favorable, without amendment
- VOTE:** 7 ayes — T. King, C. Anderson, Cyrier, González, Rinaldi, Simpson, Springer
0 nays
- WITNESSES:** For — (*Registered, but did not testify:* James Grimm and Joe Morris, Texas Poultry Federation)
Against — None
- BACKGROUND:** Tax Code, sec. 11.16 provides a property tax exemption for farm products, such as livestock and poultry, that are “in the hands of the producer.” Sec. 11.16(b) defines this term to mean livestock or poultry under the ownership of the person who is financially providing for the physical requirements of the livestock and poultry on January 1 of the tax year.
- DIGEST:** HB 275 would add chicken eggs, whether they were packaged or not, to the category of farm products exempted from property taxation when they were in the hands of the producer.

The bill would take effect on January 1, 2016, and would apply to taxes imposed on or after that date.
- SUPPORTERS SAY:** HB 275 would clarify existing law about whether eggs in the hands of egg producers qualify as a farm product exempt from property taxation. Tax Code, ch. 11 currently includes poultry in the list of items that qualify as farm products without mentioning eggs. This definition leaves a gray area regarding the status of eggs. Some areas of state law already classify eggs as poultry, but the Tax Code does not. Because standard industry practice is to treat eggs as a farm product for tax purposes, the vast majority of potential revenue from property tax on eggs already is not being collected

by cities and counties. According to the fiscal note, any lost revenue to local school districts, and by extension the state, would not be significant.

OPPONENTS
SAY: No apparent opposition.

NOTES: The Senate companion, SB 732 by Nichols, was referred to the Senate Finance Committee on February 25.