

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATURE 1st CALLED SESSION - 2003

July 3, 2003

TO: Honorable David Swinford, Chair, House Committee on Government Reform

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB15 by Smith, Todd (Relating to the transfer of the powers and duties of the comptroller of public accounts relating to state administration of the property tax system to the State Board on Property Valuation or the commissioner of the State Board on Property Valuation, as applicable.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB15, As Introduced: a positive impact of \$4,631,000 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$4,631,000
2006	\$18,790,000
2007	\$34,353,000
2008	\$51,432,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain from <i>FOUNDATION SCHOOL FUND 193</i>	Probable Revenue Gain from <i>School Districts</i>	Probable Revenue Gain from <i>Cities</i>	Probable Revenue Gain from <i>Counties</i>
2004	\$0	\$0	\$0	\$0
2005	\$4,631,000	\$10,918,000	\$7,536,000	\$3,243,000
2006	\$18,790,000	\$13,862,000	\$15,825,000	\$6,811,000
2007	\$34,353,000	\$17,078,000	\$24,927,000	\$10,728,000
2008	\$51,432,000	\$2,572,000	\$26,173,000	\$11,265,000

Fiscal Analysis

The bill would create an appointed five-member State Board of Property Valuation (Board) and would transfer the powers and duties of the Comptroller relating to the administration of the property tax system to the Board and the commissioner and employees to be hired by the Board. The bill would also allow the use of current appraisal technology and techniques.

The bill would take effect November 1, 2003 and the transfer of duties would be required to be accomplished within 45 days of the initial employment of the commissioner of the Board.

Methodology

This fiscal note is based upon financial data provided by the Comptroller's Office.

The added requirement to use current technology and techniques in the appraisal of commercial personal property for school district property valuation would increase taxable property values.

Reported information from school districts and preliminary results of a personal property appraisal pilot study were used by Comptroller staff as the basis for this estimate. The bill would require updated personal property appraisal procedures in the Commissioner's property value study. This would result in taxing unit and state gains beginning in fiscal year 2005. The fiscal year 2005 state gain would result from implementation of the new procedure in the 2003 property value study. The state gain would reduce, but not eliminate the fiscal year 2005 school district gain. Taxing unit personal property value gains were phased in over a three-year period to account for appraisal district cyclical reappraisal schedules, acquisition of new appraisal technology, and training. In addition to these gains, special districts would show tax levy gains.

Gains were trended to account for future increases in tax rates, property value, and new property. School district gains would shift to the state after a one-year lag because of the operation of the school funding formula.

The bill provisions transferring the state administration of property tax matters from the Comptroller to the new agency would result in neither gain nor loss to the state, because the Comptroller's appropriation for the existing Property Tax Division would transfer to the new agency.

Local Government Impact

The impact on units of local government is indicated in the above tables.

Source Agencies: 304 Comptroller of Public Accounts, 701 Central Education Agency

LBB Staff: JK, JO, CT, DLBe