

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 14, 2003

TO: Honorable Fred Hill, Chair, House Committee on Local Government Ways and Means

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB416 by Noriega (Relating to the reappraisal for ad valorem tax purposes of property damaged in a natural disaster.), **As Introduced**

No significant fiscal implication to the State is anticipated. However, a subsequent natural disaster could result in a significant reduction in taxable property values and a related reduction in property tax revenue.

The bill would require the chief appraiser to reappraise all property damaged within the area of a Governor-declared natural disaster at its market value immediately after the disaster.

Taxing units would be required to prorate property taxes on damaged property based on appraised values and the number of days before and after the natural disaster. Current law allows reappraisal and proration of property taxes at the discretion of individual taxing units.

Section 403.302 of the Government Code requires the Comptroller to conduct a property value study to determine the total taxable value for each school district. Total taxable value is an element in the state's school funding formula. This bill could result in reduced school district taxable values reported to the Commissioner of Education by the Comptroller. The amount of change would depend on incidence of future natural disasters and the amount of property damage sustained by property owners in Texas. Passage of this bill and a subsequent major natural disaster could result in significant costs to the state and units of local government. Damage estimates reported by the Federal Emergency Management Agency (FEMA) and other state emergency management agencies were approximately \$4.8 billion in the Houston metropolitan area for hurricane Allison.

Local Government Impact

No significant fiscal implication to units of local government is anticipated. However, a subsequent natural disaster could result in a significant reduction in taxable property values and a related reduction in property tax revenue.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JK, SD, WP, DLBe, BR