

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 23, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1779 by Davis, Yvonne (Relating to requiring disclosure of the sales price of real property to an appraisal district and the comptroller of public accounts; providing penalties.),
As Introduced

Estimated Two-year Net Impact to General Revenue Related Funds for HB1779, As Introduced: an impact of \$0 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	\$0
2006	\$46,238,600
2007	\$92,477,200
2008	\$138,715,800

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings 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	\$0	\$46,238,600	\$14,655,432	\$15,957,990
2006	\$46,238,600	\$46,238,600	\$29,310,864	\$31,915,980
2007	\$92,477,200	\$46,238,600	\$43,966,296	\$47,873,971
2008	\$138,715,800	\$0	\$43,966,296	\$47,873,971

Fiscal Analysis

The bill would require the disclosure of the sales price of real property to appraisal districts and the Comptroller. The bill would require the seller of real property, within 10 days of closing, to file a signed report with the chief appraiser disclosing the sales price of the property. Failure to file the report would result in a civil penalty not to exceed \$1,000 for each violation.

Methodology

According to the Comptroller's office, appraisal districts reported that as much as \$18.8 billion could eventually be added to tax rolls under some form of mandatory disclosure. For purposes of this fiscal

note, it is assumed that 50 percent of that value, or \$9.4 billion, would be added during the period covered by the fiscal note beginning with fiscal year 2005. Districts are required to appraise property at least once every three years. Although some districts appraise property more frequently, it is assumed that one-third of the value would be added each year for three years beginning in fiscal year 2005. The statewide average tax rates for school districts, counties and cities were applied to the estimated property values to calculate the amount of property tax levies.

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. It is assumed that the state would recognize savings for the gain in school district tax levies after a one-year lag.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

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