

LEGISLATIVE BUDGET BOARD  
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

March 12, 2003

**TO:** Honorable Teel Bivins, Chair, Senate Committee on Finance

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: SB175** by Barrientos (Relating to the rendition of property for ad valorem tax purposes and to the consequences of a failure to render property.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB175, 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	\$124,950,000
2007	\$218,663,000
2008	\$229,396,000

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from GENERAL REVENUE FUND 1	Probable Savings/ (Cost) from FOUNDATION SCHOOL FUND 193	Probable Revenue Gain/(Loss) from School Districts	Probable Revenue Gain/(Loss) from Cities
2004		\$0	\$0	\$0
2005		\$0	\$133,107,000	\$61,694,000
2006	(\$8,157,000)	\$133,107,000	\$99,955,000	\$107,965,000
2007	(\$14,399,000)	\$233,062,000	\$18,816,000	\$113,363,000
2008	(\$22,482,000)	\$251,878,000	\$19,757,000	\$119,031,000

Fiscal Year	Probable Revenue Gain/(Loss) from Counties
2004	\$0
2005	\$26,552,000
2006	\$46,466,000
2007	\$48,789,000
2008	\$51,229,000

**Fiscal Analysis**

The bill would amend various sections in the Tax Code concerning the rendition to appraisal districts of personal property used or held for the production of income.

The bill would permit the chief appraiser to bring suit for an injunction requiring a delivery of a required rendition or property report. The bill would require a rendition or property report form to include the original cost of the property; the year of acquisition, and the owner's good faith estimate of market value (not required on rendition for other types of property). A form also could include a requirement for other necessary information, as determined by the Comptroller. The bill would provide monetary penalties for failure to deliver a rendition or property tax report to the chief appraiser (penalties would be waived for accounts under \$10,000) and would permit the chief appraiser to examine a property owner's books, records, and papers.

The bill would shift the burden or proof before the appraisal review board from the appraisal district to a property owner who failed to deliver a rendition statement or property report to the chief appraiser. An owner who failed to deliver a rendition statement or property report to the chief appraiser would be prohibited from receiving attorney's fees in a district court appeal.

This bill would take effect January 1, 2004.

**Methodology**

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. Passage of this bill would cause a change in school district taxable values reported to the Commissioner of Education by the Comptroller and an increase in state costs to the Foundation School Fund.

The Comptroller's office conducted a survey of representative large appraisal districts requesting an estimate of the amount of market value that could be added to local tax rolls if the appraisal districts implemented the provisions of the proposed bill. The average percent increase in personal property value was applied to the state personal property value to estimate the statewide personal property value gain. Gains were phased in over three years, assuming that county appraisal districts would require three years to fully inform taxpayers and train staff to implement the new law. Tax rates could be reduced in some taxing units because of the rollback rate provisions of the Tax Code. Tax rate reductions would reduce the gains in these units. However for this estimate, these tax rate effects were not taken into account. A trend factor of 5 percent per year was used to account for increases in tax rates and the amount and value of property affected by the new law. Through the operation of the school funding formula, school district gains would shift to the state after a one-year lag.

The estimated fiscal implications to the General Revenue School Fund reflect estimated dynamic tax feedback effects created by the increase/decrease in industry and/or individuals' tax burdens. The dynamic tax feedback effects are shown only with respect to the gain/loss incurred by the General Revenue Fund.

**Local Government Impact**

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

**Source Agencies:** 304 Comptroller Of Public Accounts, 701 Central Education Agency  
**LBB Staff:** JK, SD, WP, DLBe, JO