

# LEGISLATIVE BUDGET BOARD

Austin, Texas

## FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

May 18, 2005

**TO:** Honorable Frank Madla, Chair, Senate Committee on Intergovernmental Relations

**FROM:** John S. O'Brien, Deputy Director, Legislative Budget Board

**IN RE: HB3071** by Goodman (Relating to the administration and collection of ad valorem taxes and the administration of appraisal districts; making procedural and technical corrections and clarifications to the Tax Code, Property Code, and Civil Practice and Remedies Code.), **As Engrossed**

The bill would waive the application requirement for the 65-and-over homestead exemption if a person who qualified for the general homestead exemption provided the appraisal district his or her birthdate on the general homestead exemption application. The bill would also provide for automatic deferral of property taxes on homesteads of persons 65-and-over.

Passage of the bill could increase the number of homestead exemptions for persons aged 65-and-over, and could also increase the number of property tax deferrals. This would reduce the amount of taxable property values and increase the related costs to the Foundation School Fund.

The bill is an omnibus property tax bill that would amend various property tax-related chapters in the Tax Code, the Property Code, the Business and Commerce Code, the Civil Practice and Remedies Code, and the Transportation Code, relating to the administration and collection of ad valorem taxes.

The bill would make the appraisal district's boundaries the same as the county's boundaries, without exception. A taxing unit with territory in several counties would have its property valued by the respective appraisal districts within each county. The bill would allow a transition to county line appraisal district boundaries relative to consolidated appraisal district boards, taxing unit voting entitlement, and consolidated appraisal district budgets.

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. Since the bill could change school districts' taxable property value, it could change the Foundation School Fund costs.

Currently, taxable property values for most school districts are determined by one appraisal district. Under the bill, taxable property values for several school districts would be determined by more than one appraisal district. As a result, the comptroller would have to analyze significantly more data to complete the property value study. The comptroller estimates that the additional administrative costs would be \$877,523 in fiscal year 2006 and \$812,648 each year for fiscal years 2007 to 2010.

### Local Government Impact

Passage of the bill could increase the number of homestead exemptions for persons aged 65-and-over, and could also increase the number of property tax deferrals. This would reduce the amount of taxable property values and the related ad valorem taxes collected by units of local government.

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

**LBB Staff:** JOB, DLBa, SD, WP, DLBe