

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

April 10, 2005

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: SB1334 by Madla (Relating to the determination of school district property values and to the school district property value study conducted by the comptroller of public accounts.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1334, As Introduced: an impact of \$0 through the biennium ending August 31, 2007.

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
2006	\$0
2007	\$0
2008	(\$198,420,000)
2009	(\$208,158,000)
2010	(\$217,971,000)

All Funds, Five-Year Impact:

Fiscal Year	Probable (Cost) from <i>FOUNDATION SCHOOL FUND 193</i>	Probable Revenue (Loss) from <i>School Districts</i>	Probable Revenue (Loss) from <i>Cities</i>	Probable Revenue (Loss) from <i>Counties</i>
2006	\$0	\$0	\$0	\$0
2007	\$0	(\$198,420,000)	(\$55,189,000)	(\$50,599,000)
2008	(\$198,420,000)	(\$9,738,000)	(\$59,309,000)	(\$54,029,000)
2009	(\$208,158,000)	(\$9,752,000)	(\$63,774,000)	(\$57,743,000)
2010	(\$217,971,000)	(\$10,470,000)	(\$68,521,000)	(\$61,683,000)

Fiscal Analysis

The bill would amend Chapter 403 of the Government Code to provide that if, after conducting the annual school district property value study for 2003 (or a subsequent year), the Comptroller determined that a school district was an eligible school district or an "assisted school district," the taxable value for the school district would be the district's local value for that year and the following year.

The bill would define an "assisted school district" as a school district for which the Comptroller's determination of local value for all categories of property fell below the lower limit of the margin of error for that district and the district protested the Comptroller's findings by filing a petition for appeal

of those findings as required by Section 403.303.

Methodology

The Comptroller's office compared total taxable values for the state projected under current law to a scenario in which appraisal districts containing 33 percent of the state's total taxable value would under appraise property without penalty to reduce local appraisal review board protests and respond to local pressure to lower values.

The difference between the current law taxable value projection and the taxable value projection under the bill yielded the projected value loss, which was multiplied by the appropriate city, county, or school district tax rate to estimate property tax levy losses. School district losses would be reimbursed by the state through the school funding system after a one-year lag, creating a loss to the state.

Local Government Impact

In addition to the amounts listed in the above tables, special districts would also realize a reduction in taxable property values and the related ad valorem taxes revenue.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, SD, WP, DLBe