

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**April 5, 2007**

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

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

**IN RE: HB1010** by Howard, Donna (Relating to the appraisal for ad valorem tax purposes of property located in more than one appraisal district and to the boundaries of an appraisal district.), **As Engrossed**

**No significant fiscal implication to the State is anticipated.**

The bill would amend the Tax Code and the Education Code, relating to the tax appraisal of property located in more than one appraisal district.

The bill would amend Section 6.02 of the Tax Code to make the appraisal district's boundaries the same as the county's boundaries, without exception.

The bill would amend Section 25.17 of the Tax Code to require chief appraisers to coordinate, to the greatest extent practicable, their appraisals on properties that are separated along county lines. A taxing unit with territory in several counties would have its property valued by the respective appraisal districts within each county. The bill would make conforming amendments to Sections 41.097 and 41.210 of the Education Code.

The bill would repeal Section 13.007 of the Education Code and Sections 6.02 (c)-(g), 6.025, and 6.03 (m) of the Tax Code, as they would no longer be relevant to a property tax system with county line appraisal district boundaries.

The bill would provide for the transition to county line appraisal district boundaries relative to consolidated appraisal district boards, taxing unit voting entitlement, and consolidated appraisal district budgets.

The bill would take effect January 1, 2008, and it would apply to the appraisal of property for a tax year that begins on or after January 1, 2008. The transition provisions would take effect September 1, 2007.

A taxing unit with territory in more than one county is given an option in Section 6.02 of the Tax Code to choose the appraisal district(s) that will appraise its property. A multi-county taxing unit may choose to participate in each appraisal district in which it is located. A taxing unit that has chosen to participate in a single appraisal district is allowed to make a one-time decision to participate in another single appraisal district. Taxing units are responsible for the costs of appraising property outside the county for which the appraisal district is established.

The bill would delete current language in Section 6.02, allowing multi-county taxing units to choose to participate in a single appraisal district. Taxing units that currently receive a single appraisal roll from an appraisal district they chose to participate in would receive multiple appraisal rolls from several appraisal districts. These units would experience some additional administrative costs for integrating several appraisal rolls into a single tax roll.

The bill does not address the way appraisal district costs would be allocated to multi-county taxing units. However, Section 6.06 of the Tax Code provides that appraisal district budgets are allocated

based on each taxing unit's pro rata share of the total tax levy in the appraisal district. Some taxing units could experience additional appraisal costs or savings if there were budget differences between or among adjacent appraisal districts. Statewide, passage of the bill could result in an aggregate savings to taxing units because some undetermined percentage of the 16 million property parcels in the state would no longer be subject to multiple appraisals.

The Comptroller's Property Tax Division does not receive or maintain specific cost and budget information from appraisal districts and taxing units that would be helpful in estimating cost and budget expenses to taxing units, as a result of this bill.

Because the state is constitutionally prohibited from imposing a state property tax, there would be no fiscal impact on the state.

Currently, taxable property values for most school districts are determined by one appraisal district. Under this bill, taxable property values for several school districts would be determined by more than one appraisal district. As a result, the Comptroller's office would have to analyze significantly more data to complete the property value study. The Comptroller's office estimates that the additional administrative costs would be \$1,035,649 in fiscal year 2008 and \$959,524 each year for fiscal year 2009 to 2012.

### **Local Government Impact**

Some taxing units could experience additional appraisal costs or savings if there were budget differences between or among adjacent appraisal districts. Statewide, passage of the bill could result in an aggregate savings to taxing units, because some property in the state would no longer be subject to multiple appraisals.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, CT, SD