

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 23, 2007

TO: Honorable Tom Craddick, Speaker of the House, House of Representatives

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

IN RE: HB1680 by Swinford (Relating to the required payment of taxes by property owners who appeal certain ad valorem tax determinations.), **As Passed 2nd House**

To the extent that limiting appraisal district lawsuits could result in a reduction of taxable value on appraisal rolls, costs related to the Foundation School Fund could increase.

The bill would amend Section 42.02 of the Tax Code to limit chief appraiser appeals of appraisal review board determinations based on the amount of property value subject to appeal.

Because the state is constitutionally prohibited from imposing a state property tax, there would be no direct fiscal impact on the state; however, 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 could cause a change in school district taxable values reported to the Commissioner of Education by the Comptroller.

Limiting appraisal district lawsuits as proposed could result in an undetermined reduction of the amount of taxable value on appraisal rolls in certain districts. However, the Comptroller's Property Tax Division does not receive or maintain information from appraisal districts that would be helpful in determining current levels of lawsuits by property value.

The bill is estimated to have an impact on the state aid districts receive based on the enrichment tier as tied to the yield of the Austin Independent School District (ISD). To the extent that the bill has the effect of lessening Austin ISD's revenue per weighted student per penny of tax effort, as determined by the Commissioner of Education, the equalized yield on those enrichment pennies would decrease, resulting in a decrease in state aid.

The bill would amend Section 42.08 of the Tax Code to require a property owner to include in the notice of a district court appeal a written statement of the amount of property taxes the property owner proposes to pay if the property owner elects to pay the amount of taxes not in dispute.

Local Government Impact

Limiting appraisal district lawsuits as proposed under Section 42.02 could result in an undetermined reduction of the amount of taxable value on appraisal rolls in certain districts. As a result, related ad valorem tax revenue for units of local government could be reduced.

Proposed changes to Section 42.08 would not have a significant fiscal implication to units of local government.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, DB, CT, SD, SJS