

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

March 26, 2007

TO: Honorable Fred Hill, Chair, House Committee on Local Government Ways & Means

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

IN RE: HB2513 by Villarreal (Relating to the annual 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 HB2513, As Introduced: a negative impact of (\$6,035,521) through the biennium ending August 31, 2009.

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
2008	(\$3,131,948)
2009	(\$2,903,573)
2010	(\$2,903,573)
2011	(\$2,903,573)
2012	(\$2,903,573)

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from GENERAL REVENUE FUND 1
2008	(\$3,131,948)
2009	(\$2,903,573)
2010	(\$2,903,573)
2011	(\$2,903,573)
2012	(\$2,903,573)

Fiscal Year	Change in Number of State Employees from FY 2007
2008	45.0
2009	45.0
2010	45.0
2011	45.0
2012	45.0

Fiscal Analysis

The bill would amend Section 403.302 of the Government Code to change the methodology for

conducting the Comptroller's annual school district property value study.

As an alternative to the current statistical ratio study in each school district, the bill would require the Comptroller to conduct a detailed review of the appraisal standards, procedures, and methodology used by each appraisal district. If the Comptroller found that generally accepted appraisal standards and practices were used in valuing a category of property, the value of that category would be presumed to represent taxable value. If the Comptroller found that accepted appraisal standards and practices were not used, the Comptroller would estimate the taxable value of that category of property.

If after conducting the proposed annual study, the Comptroller determined that the appraisal district had used appropriate information and methodology to appraise property for a school district, the local value of school district property would be presumed to represent the taxable value for the school district. In the absence of a presumption of local value, taxable value as determined by the Comptroller (using a five percent margin of error) would be substituted for local value.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2007. The changes that would be required by this bill would first apply with respect to annual taxable value studies for tax years beginning on or after January 1, 2007.

Methodology

Passage of the bill would require the addition of a new class of Property Tax Division employees with skills and training for auditing and reviewing the appraisal standards, procedures, and methodology used by each appraisal district in conducting appraisals in each school district.

Current "ratio study" staff would be retained to ensure availability of trained personnel for conducting traditional ratio studies upon a finding that the appraisal district had not used generally acceptable standards and practices. The staffing expansion would be necessary to prevent long-term reductions in local market values because of failure by the state to adequately study and review appraisal districts.

The administrative cost estimates, in the above table, reflect the funds that would be necessary to handle the increase in audits.

Technology

There would be annual technology costs to the Comptroller's Office of \$84,645 for the period fiscal years 2008-2012.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, SJS