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LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 13, 2007

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

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

IN RE: **HB3090** by Phillips (Relating to the appraisal and assessment of property for ad valorem tax purposes and the collection of ad valorem taxes.), **As Introduced**

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

The bill would amend various provisions in the Tax Code relating to the appraisal and assessment of property and the collection of property taxes.

The bill would add Section 5.071 to require the Comptroller to maintain a registry listing software certified by the Comptroller for use in the appraisal of property or the assessment or collection of property taxes.

To qualify for certification, the software would have to meet Comptroller-prescribed standards. Appraisal districts, assessors, and collectors would have to use software listed in the Comptroller's registry. The Comptroller would have rulemaking authority to administer the proposed software registry program.

The bill would amend Sections 5.12 and 5.13 to allow the governing bodies of a majority of the taxing units participating in an appraisal district to request an audit of the performance of the appraisal district. Currently, audits may be requested by either a majority of units participating in the appraisal district or a majority of units entitled to vote on the appointment of district directors.

The bill would amend Chapter 6 to: 1) allow school districts to make an unlimited number of future decisions relative to participation in a single or multiple appraisal districts; 2) require the election of two appraisal district board members (one-half of the members in the case of a board that has expanded beyond five members); 3) require appraisal district board members to be residents of the county for which the district is established; 4) change the beginning of the board selection process from August 15 to May 15; 5) provide that vacancies on the board for elected members be filled by the county judge; 6) require the election of the chief appraiser, who must be a voter in the county; 6) and prohibit appraisal district administrative offices in counties with a population of 50,000 or less to be located in office space owned, leased, rented, or occupied by the appraisal office or a branch office.

The bill would amend Section 23.0101 to confirm existing law requiring a chief appraiser to appraise property based on the individual characteristics of the property.

The bill would amend Section 25.195 to require, upon request of the owner or the owner's agent, an appraisal district provide specific information on not fewer than three sales of similar property used in appraising the property. If, before an appraisal review board hearing, an owner or agent made a general request for information used in appraising a property, the appraisal district would have to provide the information no later than the seventh day before the scheduled hearing.

The bill would amend Section 43.01 to allow a person to sue an appraisal district or appraisal review board to compel compliance with state law and Comptroller rules if the failure to comply caused economic harm or denial of statutory or constitutional rights. The plaintiff would have to pay $250 into the court registry for distribution to the prevailing party. If the plaintiff prevailed, the court would

enter an order compelling compliance with applicable law and award court costs and attorney's fees.

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

The bill would take effect January 1, 2009, except for provisions relative to certain preparatory elections provisions in the bill and provisions allowing the completion of existing appraisal district board terms and chief appraiser appointments which would take effect September 1, 2007.

Local Government Impact

Passage of the bill would require appraisal district and collection offices to use computer software listed on a certified list compiled by the Comptroller. Offices that are using other software on the bill's effective date could incur additional costs for replacing otherwise operable software.

The bill would limit taxing unit requests for Comptroller appraisal district performance audits to a majority of the units participating in the district (a larger number of units than the number voting for appraisal district board members). However, the current restrictions on requests based on statistical measures for appraisal districts would limit any significant increase in the number of audits performed by the Comptroller.

The bill would require at least two appraisal district board members to be elected at a general election. The county assessor-collector would serve on the board by virtue of the office. There could be some undetermined additional costs to local governments (above the amount of filing fees) for putting two or more new public offices on local ballots in each of the 254 counties in the state, as well as an indeterminate amount of revenue from filing fees.

Provisions in the bill prohibiting appraisal district administrative office to be located at the main appraisal district location could result in an undetermined amount of additional cost to taxing units in some counties with populations of 50,000 or less.

Provisions in the bill requiring appraisal districts to provide additional sales information to property owners and their agents could result in an undetermined amount of additional administrative costs to appraisal districts via taxing units.

Provisions in the bill allowing taxpayer lawsuits to compel appraisal district and appraisal review board compliance with state law and administrative rules could result in an undetermined cost to taxing units for defending lawsuits and potential payment of court costs and attorney's fees.

Source Agencies: 304 Comptroller of Public Accounts
LBB Staff: JOB, CT, SD, SJS