

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

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

**April 18, 2007**

**TO:** Honorable Jim Keffer, Chair, House Committee on Ways & Means

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

**IN RE: HB3458** by Paxton (Relating to the authority of the comptroller of public accounts to sue an appraisal district to compel compliance with the Tax Code, rules of the comptroller, or other applicable law.), **As Introduced**

**The bill would amend the Tax Code to authorize the Comptroller to sue any appraisal district to compel the appraisal district to comply with the provisions of Title 1 of the Tax Code, Comptroller rules, and other applicable law. The fiscal impact on the state cannot be estimated.**

The bill would amend Section 43.01 of the Tax Code to authorize the Comptroller to sue any appraisal district to compel the appraisal district to comply with the provisions of Title 1 of the Tax Code, Comptroller rules, and other applicable law.

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.

Passage of this bill would authorize state intervention into the operations and administration of the 253 appraisal districts in Texas, employing over 5,000 individuals with total budgets of over \$300,000,000 statewide. Appraisal districts in Texas appraise over 16,000,000 parcels of real and personal property valued at over \$1 trillion. Appraisal districts administer over 500,000 taxpayer appeals during a tax year and defend approximately 1,500 district lawsuits annually.

To adequately handle complaints and requests for legal action by the Comptroller against appraisal districts, the Comptroller would require four additional qualified legal counsel to receive, review, and make recommendations to the Comptroller on each complaint or request.

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.

**Local Government Impact**

There could be substantial undetermined costs to the taxing units that fund local appraisal districts to respond to and defend an undetermined number of possible lawsuits brought by the Comptroller against appraisal districts.

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

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