

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

April 25, 2007

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

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

IN RE: SB1062 by Williams (Relating to the authority of an owner of real property to require that ad valorem taxes, other than taxes imposed for public school purposes, be imposed on that real property on the basis of a five-year average of the property's taxable value.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1062, As Introduced: an impact of \$0 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	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from Counties	Probable Revenue Gain/(Loss) from Cities
2008	\$0	\$0
2009	(\$1,000,530,000)	(\$882,719,000)
2010	(\$941,953,000)	(\$825,687,000)
2011	(\$886,980,000)	(\$772,576,000)
2012	(\$852,848,000)	(\$738,217,000)

Fiscal Analysis

The bill would amend Sections 25.19 and 31.01 and add Section 26.095 to the Tax Code to require, upon request by a property owner, that the property owner's local property taxes be assessed on the basis of a five-year average of the property's taxable value. The bill would apply only to appraisals for taxing units other than school districts.

Property owners could elect to have their property appraised on a five-year average by filing a written request with the chief appraiser.

The bill would take effect January 1, 2008, contingent upon adoption of a constitutional amendment to allow appraisal on the basis of a five-year average.

Methodology

Contingent on the passage of a constitutional amendment, the bill would allow real property owners (other than qualified agricultural or timberland owners) to elect to have their property taxes determined on the basis of a five-year average taxable value instead of the value required under current law. The bill would apply only to appraisals for taxing units other than school districts. The bill would take effect January 1, 2008, which would affect fiscal year 2009 property taxes.

This analysis assumes that all eligible taxpayers would choose to have their property's taxable value determined under this bill's provisions. Property values for the affected property categories were projected statewide based on a five-year average and compared to the values projected under current law to determine the value loss in each year of the analysis. The appropriate projected city and county tax rates were applied to the projected value losses to determine their losses. Information was not available to estimate special district losses.

Local Government Impact

The fiscal implications to units of local government is reflected in the above table.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, CT, SD, SJS