

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 10, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

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

IN RE: HB1092 by Parker (Relating to the authority of the voters of a county to allow the owners of certain real property to require that county and any municipal ad valorem taxes be imposed on that real property on the basis of a five-year average of the property's value.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB1092, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue (Loss) from Cities	Probable Revenue (Loss) from Counties
2010	\$0	\$0
2011	(\$620,178,000)	(\$646,608,000)
2012	(\$566,251,000)	(\$591,952,000)
2013	(\$600,299,000)	(\$629,192,000)
2014	(\$675,672,000)	(\$710,028,000)

Fiscal Analysis

The bill would amend the Tax Code to authorize a county commissioners court, upon receipt of a petition signed by 10 percent of the qualified voters in the county who voted in the most recent gubernatorial election, to call an election to authorize the use of an optional method of assessing county and municipal ad valorem taxes on certain real property in the county. The optional method would be based on a five-year average value. In a county where the voters have approved the use of an optional method, the chief appraiser would be required to include certain information about the optional method with the notice required to be delivered to the property owner regarding the ad valorem taxes.

A property owner would be required to timely file a written request with the chief appraiser to have their property appraised using the alternative method. The Comptroller of Public Accounts would be required to by rule prescribe the form of the request.

The bill would apply only to ad valorem taxes imposed for a tax year beginning on or after the effective date of the bill. The bill would take effect January 1, 2010, but only if the constitutional amendment authorizing the legislature to permit the voters of a county to pursue the described optional method of appraisal is approved by the voters. Otherwise, the provisions of the bill would have no effect.

Methodology

The Comptroller of Public Accounts provided estimated revenue losses to cities and counties, as indicated in the table above. Although future actions of voters cannot be predicted, the comptroller, for illustrative purposes only, assumes that the constitutional amendment would pass, that voters in all 254 counties would approve the proposition, and that all eligible taxpayers whose average values would be lower than their current values would choose to have their taxes reduced under this proposal.

It is further assumed that taxpayers with a current value lower than the five-year average would choose the current value as permitted by provisions of the bill. 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 the loss to cities and counties. There would be no impact on school districts or the state.

The Comptroller of Public Accounts indicates that any administrative costs associated with implementing provisions of the bill could be absorbed within existing resources.

Local Government Impact

A county would incur election costs if the voters petition to hold an election regarding the optional appraisal method.

Revenue losses shown in the tables above represent a worst case scenario in which voters in each county call for an election and choose a methodology that would lower their property taxes. Revenue losses shown in the tables above are indicative of the negative fiscal impact to cities and counties in the aggregate statewide. Revenue losses for each city or county would vary and would depend on whether the voters in each county were to elect to implement the optional appraisal method and on the values of the properties.

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