

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 23, 2009

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

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

IN RE: SB700 by Patrick, Dan (relating to increased transparency regarding appraisals for ad valorem tax purposes and increased tax rates.), **Committee Report 1st House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend the Tax Code, regarding property taxation.

Article 1 would add the requirement that the notice of appraised value include a disclosure of appraised value and percentage increase for each of the preceding five years. This article would take effect January 1, 2010.

Article 2 would replace the provision for a local option election for taxing units other than school districts to roll back tax increases with a requirement that elections would be held in all taxing units when the roll back rate is exceeded. The election would be held within 30 to 90 days after a proposed tax rate exceeding the roll back rate was adopted. The mandatory election provisions would also apply to water districts. These provisions would apply to the 2009 tax year unless a unit had adopted a 2009 tax rate before the effective date of these provisions. This article 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 on the 91st day after the last day of the legislative session.

Article 3 would require appraisal districts in counties with a population of 500,000 or more to provide for electronic filing and communications regarding protest of appraised value of residence homesteads. The electronic communications would include filing a notice of protest, receiving comparable sales data, and communications involving settlement offers. The article would also set requirements for communications and provide certain exceptions. This article would take effect January 1, 2010.

Local Government Impact

The provision that would require a mandatory rate ratification election that could result in reducing the proposed rate to the rollback rate could affect non-school districts taxing units. (School districts are already subject to this provision in current law.) Future proposed tax rates and the outcome of any mandatory elections cannot be predicted, and the cost of the provision cannot be estimated.

The bill's proposals to change the notice of appraised value and permit electronic filing of protests would not have an effect on local tax revenues because they do not directly affect tax rates or taxable values. The changes would only affect notice and protest procedures.

Source Agencies: 304 Comptroller of Public Accounts, 212 Office of Court Administration, Texas Judicial Council, 701 Central Education Agency

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