

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

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**April 8, 2011**

**TO:** Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

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

**IN RE: SB1384** by Lucio (Relating to the interest rate on a refund of ad valorem taxes made following the final determination of an appeal that decreases a property owner's tax liability.),  
**As Introduced**

<b>No fiscal implication to the State is anticipated.</b>
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The bill would amend Chapter 42 of the Tax Code regarding ad valorem taxation and revise methods to compute the interest due on certain property tax refunds following legally contested appraisals. The interest rate would equal the annual rate of interest paid by the bank on funds deposited in the account maintained by the tax collector for the taxing unit from which refunds are disbursed, but not more than eight percent.

To the extent that applicable interest rates remain below 8 percent, the bill's proposed interest calculation method would reduce interest costs for local taxing units. The number and amount of future associated interest payments is unknown, so the gain cannot be estimated. Interest payments are not included in the school funding formula so there would be no fiscal gain to the state.

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, 2011.

**Local Government Impact**

To the extent that applicable interest rates remain below 8 percent, the bill's proposed interest calculation method would reduce interest costs for local taxing units.

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

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