

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 9, 2017

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2253 by Darby (Relating to the calculation of interest on an ad valorem tax refund resulting from the final determination of an appeal that decreases a property owner's liability.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 42 of the Tax Code, regarding judicial review (property tax), to require a taxing unit to include with a property tax refund interest on all or a portion of the amount refunded (rather than on the entire amount refunded). The court that makes the final determination of the appeal would be required, in its discretion, to determine the amount on which interest is to be calculated.

The bill would make a conforming amendment and would apply only to a tax refund that is made following an appeal that is filed on or after the effective date of the bill.

The bill would, in some instances, create a gain to local taxing units by allowing payment of interest on a portion of the tax refunded after a property tax appeal rather than on the full amount. A court would be required to make the determination of the amount on which interest is calculated. The extent to which courts would reduce interest payments under the bill is unknown; consequently the gain to local taxing units cannot be estimated but is not expected to be significant. There would be no fiscal impact on the state because interest payments are not included in the school finance formulas.

The bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2017.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS