

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 21, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB931 by Seliger (Relating to the authority to waive certain penalties and interest in order to facilitate the settlement of an ad valorem tax appeal.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend Chapter 42 of the Tax Code, regarding judicial review of property tax appeals, to provide that if the final determination of an appeal occurs pursuant to a settlement agreement filed with the court, the property owner and the chief appraiser may agree to waive the penalties and interest otherwise required on a refund or on the additional tax due each affected taxing unit as a term of the agreement.

The bill's proposal to give litigants in property tax appeals the authority to waive penalties and interest may, in some instances, provide a path to settlement that would not otherwise exist, which would reduce court costs. In other instances penalties and interest might unnecessarily be waived which could create a cost to local taxing units and to the state through the school finance formulas. The number, amount, and circumstances related to waivers of penalties and interest in future settlements cannot be predicted so any loss or gain cannot be estimated. Any loss or gain created by the bill is not expected to be significant.

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. The bill would apply to appeals pending on the effective date, and to appeals filed on or after that date.

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