

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 13, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB972 by Zaffirini (Relating to the reappraisal for ad valorem taxation purposes of real property on which a building completely destroyed by a casualty is located.), **As Introduced**

Passage of the bill would require that a chief appraiser reappraise a property destroyed by casualty upon the property owner's request. As a result, taxable property values could be reduced and the related costs to the Foundation School Fund could be increased through the operation of the school finance formulas.

The bill would amend Chapter 23 of the Tax Code, regarding property tax appraisal methods and procedures, to add a new section permitting a property owner to request the chief appraiser to reappraise the owner's property if a building located on the property is completely destroyed by a casualty. The owner would be required to make the request in writing not later than the 180th day after the date the casualty occurs. The chief appraiser would be required to reappraise the property if requested to do so by the property owner and if the property is not already, as a result of the same casualty, subject to reappraisal under Section 23.02 of the Tax Code, regarding reappraisal of property damaged in a disaster area. The chief appraiser would be required to complete the reappraisal as soon as practicable after a request is made. The bill would specify the content of the appraisal records regarding the reappraised property, and provide for the calculation of prorated taxes, tax roll correction, a corrected tax bill, and a refund if necessary.

The bill's requirement that a chief appraiser reappraise a property destroyed by casualty upon the property owner's request would create a cost to local taxing units and the state through the school funding formula because under current law the property would only be reappraised if requested at the discretion of a taxing unit and such requests may not be made because of the cost of reappraisal and loss to the tax base. The reduced appraised value resulting from the reappraisal would reduce the property taxes. The future incidence and value of property casualties that might result in reappraisal requests in disaster areas cannot be predicted. Consequently, the cost of the bill cannot be estimated.

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 only to casualties occurring after the effective date.

Local Government Impact

Passage of the bill would require that a chief appraiser reappraise a property destroyed by

casualty upon the property owner's request. As a result, taxable property values and the related ad valorem tax revenue for units of local government could be reduced.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS