

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 25, 2019

TO: Honorable Dan Patrick, Lieutenant Governor, Senate
Honorable Dennis Bonnen, Speaker of the House, House of Representatives

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB1313 by King, Phil (Relating to ad valorem taxation.), Conference Committee Report

Passage of the bill would allow the surviving spouse of a disabled person to retain the tax ceiling benefit. 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; however the provision would require authority in the Texas Constitution to take effect.

The bill would amend Tax Code Chapter 11, regarding taxable property and exemptions, to allow the surviving spouse of a disabled person with a tax ceiling to retain the tax ceiling. The tax ceiling would be calculated as if the surviving spouse was entitled to the ceiling when the individual died if the individual who was disabled died before January 1, 2020.

The bill would amend Chapter 23 of the Tax Code, regarding appraisal methods and procedures, to increase the burden of proof from substantial evidence to clear and convincing evidence if the value was lowered under Subtitle F of Chapter 23, relating to remedies, in the prior year and the chief appraiser proposes to raise the value in the next tax year in which the property is appraised.

The bill would amend Chapter 41 of the Tax Code, regarding local review of appraisal, to prohibit an appraisal district or the appraisal review board from requiring a property owner to pay a fee in connection with a protest filed by the owner with the board.

The bill's provision allowing the surviving spouse of a disabled person to retain the tax ceiling benefit would create a cost to local taxing units currently granting the tax ceiling and to the state through the school funding formulas; however the provision would require authority in the Texas Constitution to take effect.

Increasing the standard of evidence from substantial to clear and convincing on increases in the appraised value of a property if the appraised value was lowered in the preceding year would increase the burden of proof and limit increases in appraised values resulting in a cost to local taxing units, and to the state through the school funding formulas. Current law specifying the evidence required by the chief appraiser to meet the burden of proof in an appraisal review board protest or district court appeal would not be changed under the bill. Consequently, although the value of properties that would be affected is unknown, the cost is not expected to be significant.

The bill's provision prohibiting an appraisal district or the appraisal review board from requiring a

property owner to pay a fee in connection with a protest filed by the owner with the board would not affect taxable property values, tax rates, collection rates, or any other variable that might affect the revenues of units of local governments or the state.

The bill would take effect January 1, 2020.

Local Government Impact

Passage of the bill would allow the surviving spouse of a disabled person to retain the tax ceiling benefit. As a result, taxable property values and the related ad valorem tax revenue for units of local government currently granting the tax ceiling could be reduced; however the provision would require authority in the Texas Constitution to take effect.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SJS