

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 23, 2019

TO: Honorable Dustin Burrows, Chair, House Committee on Ways & Means

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

IN RE: **HB2124** by Bailes (Relating to the treatment for ad valorem tax purposes of property that was erroneously omitted from an appraisal roll in a previous year.), **As Introduced**

Passage of the bill would shorten the time from five years to two years that real property omitted from an appraisal roll can be appraised and added to the appraisal records along with allowing taxing units to elect not to collect all or part of the taxes imposed on the property for that tax year or any penalties or interest due on those taxes. 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 25 of the Tax Code, regarding local appraisal, to provide that if real property was omitted from an appraisal roll in one of the two (instead of five) preceding tax years, the chief appraiser shall appraise the property as of January 1 of each tax year that it was omitted and enter the property and its appraised value in the appraisal records.

The bill would add if property was erroneously omitted from the appraisal roll or tax roll for a taxing unit for one of the two preceding tax years, the governing body of the taxing unit may:

- (1) elect not to collect all or part of the taxes imposed on the property for that tax year or any penalties or interest due on those taxes; and
- (2) authorize the collector for the taxing unit to enter into a written agreement with the person liable for the taxes, penalties, and interest for payment in installments of all or part of the taxes, penalties, and interest that are due the taxing unit.

The bill's provisions shortening the time from five years to two years that real property omitted from an appraisal roll can be appraised and added to the appraisal records along with allowing taxing units to elect not to collect all or part of the taxes imposed on the property for that tax year or any penalties or interest due on those taxes would be a cost to local taxing units and to the state through the school funding formula. The value of property that would be affected by these provisions and future decisions of taxing units is unknown. Consequently, the fiscal cost of this bill cannot be estimated.

The bill would take effect September 1, 2019.

Local Government Impact

Passage of the bill would shorten the time from five years to two years that real property omitted

from an appraisal roll can be appraised and added to the appraisal records along with allowing taxing units to elect not to collect all or part of the taxes imposed on the property for that tax year or any penalties or interest due on those taxes. 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: WP, KK, SD, SJS