

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 23, 2019

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

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

IN RE: **SB449** by Creighton (Relating to testimony by an appraisal district employee as to the value of real property in certain ad valorem tax appeals.), **As Passed 2nd House**

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.

Passage of the bill would expand the grounds to file an error correction motion to a lower threshold of one-fourth of the correct appraised value for residence homesteads. 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 repeal Section 42.23(i) of the Tax Code regarding scope of review which provides that if an appraisal district employee testifies to the value of real property in an appraisal under Tax Code Section 42.25, regarding remedy for excessive appraisal or Tax Code Section 42.26, regarding remedy for unequal appraisal, the court may give preference to an employee authorized to appraise real estate under Section 1103.201 of the Occupations Code.

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 Tax Code Chapter 25, regarding local appraisal, to specify for purposes of Subsection 130.307 (b)(1), Education Code to determine whether a public junior college may offer baccalaureate degree programs, for certain counties the taxable property valuation will be considered the greater of \$6 billion or the actual taxable property valuation.

The bill would amend Tax Code Section 25.25(d) to allow a property owner to file a motion to correct the appraisal roll for an error if the error resulted in an appraised value of more than one-fourth of the correct appraised value for residence homesteads.

The bill would amend Section 327.007(b), Tax Code regarding reauthorization elections for municipal street maintenance sales and use taxes to specify dates of tax expiration by day of calendar quarter as well as by anniversary of election date.

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.

Provisions of the bill that expand the grounds to file an error correction motion to a lower threshold of one-fourth of the correct appraised value for residence homesteads would create a cost to local taxing units and the state through the school finance formula by providing a greater opportunity for property owners to obtain appraised value reductions. The frequency and value of such errors is unknown; consequently, the bill's fiscal cost cannot be determined.

The amendment of Section 327.007(b), Tax Code would have no fiscal implications for the state or units of local government.

The bill would take effect September 1, 2019.

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.

Passage of the bill would expand the grounds to file an error correction motion to a lower threshold of one-fourth of the correct appraised value for residence homesteads. 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