

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 19, 2019

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Property Tax

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

IN RE: SB453 by Creighton (Relating to the reappraisal for ad valorem tax purposes of property damaged in a disaster.), **As Introduced**

Passage of the bill would require, rather than permit, the reappraisal of property in a disaster area at its market value immediately after the disaster. 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 require a chief appraiser of an appraisal district to reappraise immediately all property damaged in a disaster declared by the Governor. The taxing units for which property is reappraised would have to pay for the cost of reappraisal. A property owner would be able to refuse a reappraisal. The bill requires the reappraisal not later than the 45th day after the Governor's declaration. The bill would allow the Comptroller to adopt rules to implement and administer the reappraisal provisions.

The bill's provision that would require, rather than permit, the reappraisal of property in a disaster area at its market value immediately after the disaster would create a cost to local taxing units and to the state through the school funding formula. The amount of value loss caused by future disasters is unknown; 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, 2019.

Local Government Impact

Passage of the bill would require, rather than permit, the reappraisal of property in a disaster area at its market value immediately after the disaster. 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