

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 29, 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: **SB812** by Lucio (relating to the application of the limit on appraised value of a residence homestead for ad valorem tax purposes to an improvement that is a replacement structure for a structure that was rendered uninhabitable or unusable by a casualty or by wind or water damage.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 23 of the Tax Code, regarding property tax appraisal methods and procedures, to change the definition of "disaster recovery program" to include disaster recovery programs administered by a political subdivision of this state, rather than solely the General Land Office, that is funded with community development block grant disaster recovery money authorized by federal law, rather than by specified appropriations acts.

The bill would require the General Land Office and each political subdivision that administers a disaster recovery program to provide a list to the chief appraiser of the property constructed under a disaster recovery program since January 1, 2018. The chief appraiser would be required, if necessary, to correct or supplement the appraisal records, deliver a corrected notice of appraised value to the owner of the affected property, and notify the assessor and collector for each taxing unit in which the affected property is located.

The bill would make conforming changes.

Changing the definition of a disaster recovery program could potentially include more programs than under current law. This broader definition could potentially be a cost to local taxing units and to the state through the school funding formula because new improvements made as a result of disaster program requirements retain their current appraisal cap. This means they may be appraised at less than market value. The cost cannot be estimated because the value of affected property that might be corrected as well as the impact of future disasters is unknown, but is not expected to be significant.

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

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SJS