

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 5, 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: SB956 by Bettencourt (Relating to the correction of an ad valorem tax appraisal roll and related appraisal records.), **As Introduced**

Passage of the bill would allow property owners to request appraisal roll corrections for tangible personal property in the current year and two previous years in certain instances. 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 property tax appraisal, to permit an appraisal review board, on motion of a property owner or chief appraiser, to direct by written order changes in the appraisal roll or related records for the current tax year and for either of the two preceding tax years to correct an inaccuracy in the appraised value of the owner's tangible personal property that is the result of an error or omission in a rendition statement or property report filed under Chapter 22 of the Tax Code, regarding renditions and other reports, for the applicable tax year. The roll may not be changed under this subsection for any tax year in which:

- the property owner failed to timely file the required rendition statement or property report and was assessed a penalty according to law;
- the property was the subject of a protest brought by the property owner, a hearing on the protest was conducted in which the owner offered evidence or argument, and the appraisal review board made a determination of the protest on the merits;
- the property was the subject of a previous motion filed by the property owner under this section and the chief appraiser and the owner agreed to the correction, the appraisal review board determined the motion, or the appraisal review board determined that the owner forfeited the right to a final determination of the motion for failing to comply with the prepayment requirements; or
- the appraised value of the property was established as a result of a written agreement between the property owner or the owner's agent and the appraisal district.

The bill's proposed procedure allowing property owners to request appraisal roll corrections for tangible personal property in the current year and two previous years in certain instances would allow property owners to receive reduced values when their errors or omissions in rendition statements or property reports are corrected. This would create a cost to local governments and the state through the school finance formulas. The frequency and value of such errors or omissions is unknown; consequently, the bill's fiscal cost cannot be determined.

The bill would take effect September 1, 2019.

Local Government Impact

Passage of the bill would allow property owners to request appraisal roll corrections for tangible personal property in the current year and two previous years in certain instances. 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