

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATURE 3rd CALLED SESSION 2021

October 15, 2021

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1 by Bettencourt (Relating to the provision of direct relief from ad valorem taxes to certain property owners in this state through the distribution of certain federal economic assistance money received by the state and a study of the provision of additional ad valorem tax relief; making an appropriation.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1, As Passed 2nd House : a negative impact of (\$3,288,000) through the biennium ending August 31, 2023.

In addition, there would be a cost of \$3.0 billion to the Coronavirus Relief Fund 325.

Appropriations:

<i>Fiscal Year</i>	Appropriation out of CORONAVIRUS RELIEF FUND 325
2022	\$3,000,000,000
2023	\$0

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2022	(\$3,218,000)
2023	(\$70,000)
2024	\$0
2025	\$0
2026	\$0

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	Probable Savings/(Cost) from General Revenue Fund 1	Probable Savings/(Cost) from CORONAVIRUS RELIEF FUND 325
2022	(\$3,218,000)	(\$3,000,000,000)
2023	(\$70,000)	\$0
2024	\$0	\$0
2025	\$0	\$0
2026	\$0	\$0

Fiscal Analysis

The bill would amend Chapter 403 of the Government Code to authorize the distribution of certain federal economic assistance to certain households. The bill would require the comptroller to, not later than September 1, 2022, issue a warrant to each eligible property owner receiving a residence homestead exemption as of March 1, 2022. The amount of each warrant would be equal to the total amount appropriated to the comptroller for this purpose divided by the total number of eligible property owners. The comptroller would be authorized to adopt rules for implementing the provisions of the bill. The bill would require central appraisal districts provide the comptroller any information the comptroller determines necessary to identify eligible property owners.

The bill would create a joint interim committee on property tax relief to study methods to reduce burdens on property owners imposed by the current ad valorem tax structure in this state and report those findings to the legislature.

The bill would appropriate \$3.0 billion to the comptroller from the Coronavirus Relief Fund for the purpose of issuing warrants to eligible property owners.

The bill would take effect immediately if it receives a vote of two-thirds of all the member elected to each house, as provided by Section 39, Article III, Texas Constitution. Otherwise, the bill would take effect on the 91st day after the last day of the legislative session.

Methodology

The bill would appropriate \$3.0 billion to the comptroller from the Coronavirus Relief Fund for the purpose of issuing warrants to eligible property owners. The comptroller estimates there will be approximately 5.7 million eligible property owners in 2022. This would result in payments of approximately \$525 to each eligible property owner.

Administrative costs for the comptroller would include mailing costs of \$3,078,000, and \$210,000 for professional fees and services. The estimate assumes that there are 5.7 million eligible property owners, as that term is defined in the bill. Mailing costs, including postage and materials, are estimated to be \$0.54 per eligible property owner, with a total estimated mailing cost of \$3,078,000. The Property Tax Assistance Division would hire temporary staff to assist with the process of collecting data from appraisal districts, as well as handling phone and email inquiries related to the data collection. The estimated cost of \$210,000 in professional fees and services includes four temporary employees for six months in fiscal year 2022, and retaining two of those temporary employees for an additional six months in fiscal year 2023.

Local Government Impact

The fiscal implications of the bill on units of local government cannot be determined at this time. The costs associated with implementing the provisions of the bill would be related to the requirement that central appraisal districts provide the comptroller any information the comptroller determines to be necessary to identify eligible property owners.

Source Agencies:

LBB Staff: JMc, KK, BRI