

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 29, 2021

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB1090 by Bailes (relating to the appraisal for ad valorem tax purposes of real property that was erroneously omitted from an appraisal roll in a previous year.), **Committee Report 1st House, Substituted**

The bill's provisions shortening the time from five years to three years that real property omitted from an appraisal roll can be appraised and added to the appraisal records would reduce taxable value and increase costs to the Foundation School Fund through the operation of the school funding formulas.

The frequency and value of such omissions is unknown; consequently, the bill's fiscal impact cannot be determined.

The bill would amend Chapter 25 of the Tax Code, regarding local appraisal, to provide that if real property was omitted from an appraisal roll in one of the three preceding tax years, the chief appraiser shall appraise the property as of January 1 of each tax year that it was omitted and enter the property and its appraised value in the appraisal records.

Current law requires the chief appraiser to appraise omitted real property in any one of the five preceding years from when the chief appraiser discovers the omission. The bill's provisions shortening the time from five years to three years that real property omitted from an appraisal roll can be appraised and added to the appraisal records would be a cost to local taxing units and to the state through the school funding formula. The frequency and value of such omissions is unknown; consequently, the bill's fiscal impact cannot be determined.

Local Government Impact

The bill's provisions shortening the time from five years to three years that real property omitted from an appraisal roll can be appraised and added to the appraisal records would reduce taxable value and the associated ad valorem tax revenue for units of local government.

The frequency and value of such omissions is unknown; consequently, the bill's fiscal impact cannot be determined.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD, BRI