

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**April 18, 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 property that was erroneously omitted from an appraisal roll in a previous year.), **As Introduced**

**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 provision increasing from two to three years the period that personal property can be appraised and added to the appraisal records would increase taxable value and reduce costs to the Foundation School Fund through the operation of the school finance 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 property (real and personal) 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 and personal property in any one of the two 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 while the provision increasing from two to three years the period that personal property can be appraised and added to the appraisal records would be a gain 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 provision increasing from two to three years that personal property can be appraised and added to the appraisal records would increase 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