

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

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

**May 25, 2021**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: SB1421** by Bettencourt (Relating to the correction of an ad valorem tax appraisal roll and related appraisal records.), **As Passed 2nd House**

**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 41 of the Tax Code, regarding local appraisal review, to clarify that lessees of real property contractually obligated to reimburse the property owner for taxes are entitled to receive notice of appraised value.

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 impact cannot be determined.

The bill's provisions clarifying that lessees of real property contractually obligated to reimburse the property owner for taxes are entitled to receive notice of appraised value would have no fiscal impact to the state or units of local government.

The bill would take effect September 1, 2021.

## **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.

The bill's provisions clarifying that lessees of real property contractually obligated to reimburse the property owner for taxes are entitled to receive notice of appraised value would have no fiscal impact to units of local government.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JMc, LBO, BRI, AF, SD