

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 5, 2021

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB1437 by Bettencourt (Relating to the requirement that certain municipalities and counties conduct an efficiency audit before holding an election to approve the adoption of certain ad valorem tax rates.),
As Introduced

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend Local Government Code to require that certain municipalities and counties conduct an efficiency audit before holding an election to approve the adoption of certain ad valorem tax rates.

Local Government Impact

According to Dallas County, the bill would cost about \$350,000 to implement.

According to the El Paso County Auditor, there would be a significant fiscal impact to the county.

According to Harris County, the bill would require the efficiency audit at least three months before the tax rate adoption election. Because of the number of properties and protests in the Harris County Appraisal District, the audit would cost Harris County from \$250,000 to \$500,000.

According to Travis County, an audit could cost \$150,000 to \$500,000.

According to the City of Houston, there is insufficient data to determine the exact fiscal impact since the cost will largely depend on the scope, guidelines, and compliance requirements to be prescribed by the State Auditor's Office. The cost of efficiency audits could range from \$250,000 - \$1 million for a regional firm, and if the auditor selected is a national firm, the price could be higher than \$1 million.

Source Agencies:

LBB Staff: JMc, AF, CMA, ANE