

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

**FISCAL NOTE, 89TH LEGISLATIVE REGULAR SESSION**

**April 16, 2025**

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

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

**IN RE: HB4478** by Turner (Relating to the determination by an appraisal district of the capitalization rate to be used in the appraisal for ad valorem tax purposes of property used for low-income housing.), **As Introduced**

<b>No significant fiscal implication to the State is anticipated.</b>
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The bill would require an appraisal district to publish the methodology used to determine the capitalization rate for the appraisal of low-income housing. An appraisal district would be required to post the methodology on its Internet web site, if one exists, and provide the public a reasonable opportunity to comment on the methodology's applicability for the territory in which the rate will be used. The bill would establish that only after an appraisal district complies with these steps, can the capitalization rate be published. The bill would prohibit the capitalization rate from being based solely on a percentage increase or decrease from the prior tax year's rate and require the methodology to include viable economic metrics for the market where the rate will be applied.

The bill would provide certain requirements related to an appraisal district's methodology, public comment period, and posting of the capitalization rate used in the appraisal of low-income housing. The bill would not directly affect taxable property values, tax rates, collection rates, or any other variable that might affect the revenues of units of local governments or the state. However, for an appraisal district that does not currently determine its capitalization rate as the methodology in the bill establishes, there could be an impact on the appraisal of certain low-income housing property.

**Local Government Impact**

Passage of the bill would provide certain requirements related to an appraisal district's methodology in the the development of the capitalization rate used in the appraisal of certain low-income housing. To the extent an appraisal district does not currently determine its capitalization rate consistently with the methodology provide by the bill, there could be an impact on the appraisal of certain low-income housing property.

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

**LBB Staff:** JMc, KK, SD, BRI