

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

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

**April 12, 2025**

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

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

**IN RE: SB467** by Paxton (Relating to the reappraisal for ad valorem taxation purposes of real property on which a building completely destroyed by a casualty is located.), **As Introduced**

**Passage of the bill would allow reappraisals on any residence homestead property that includes a building completely destroyed by a casualty. 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 allow a property owner to request a reappraisal on their residence homestead, in writing and within a certain time period, if a building located on the property has been completely destroyed by a casualty.

The amount of taxes imposed on reappraised property is prorated based on the date on which the property was completely destroyed by the casualty. The bill directs the assessor to recalculate the property tax amount due and provides for tax bill revision or tax refund. The reappraisal provision would not apply to property subject to the governor-declared disaster area exemption.

The bill would require the Comptroller, in consultation with appraisal districts, to develop guidelines for reappraisals under this section by September 1, 2026 and distribute them to each appraisal district.

Passage of the bill would allow reappraisals on any residence homestead property that includes a building completely destroyed by a casualty. The bill does not define the degree of damage termed “completely destroyed” or what type of destroyed buildings on the residence homestead property would be eligible for a reappraisal.

To the extent that this bill would provide reduced property appraisals, it can be assumed that any property that was “completely destroyed” would be appraised at a lower market value. As a result, taxable property values and the related property tax revenue for certain units of local government would be reduced and thus impact the state through the operation of the school funding formulas. However, the frequency, timing, and severity of future damages, and the number of taxing units that would be impacted cannot be predicted. Consequently, the cost of the bill cannot be estimated.

**Local Government Impact**

Passage of the bill would allow reappraisals on any residence homestead property that includes a building completely destroyed by a casualty. As a result, taxable property values could be reduced. However, the no-new-revenue and voter-approval tax rates as provided by Section 26.04, Tax Code could be higher as a consequence of the reduced appraised value proposed by the bill.

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

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