

## **BILL ANALYSIS**

C.S.H.B. 1568  
By: Middleton  
Public Education  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The comptroller of public accounts regularly conducts a property value study (PVS) to determine the total taxable value of property in each school district. For this study, state law allows a margin of error of five percent before an appraisal district's valuation is determined to be invalid. It has been observed that the state will certify a local value exceeding the margin of error but not a local value below it, with certain exceptions for districts eligible for a grace period. There are concerns that this incentivizes appraisal districts to overestimate values. C.S.H.B. 1568 seeks to address these concerns by increasing the allowed margin of error for determining the validity of local property valuations surveyed in the PVS.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 1568 amends the Government Code to revise provisions relating to the school district property value study (PVS) conducted by the comptroller of public accounts. The bill raises from five percent to 7.5 percent the cap on the margin of error that the comptroller is required to use for purposes of determining the validity of a district's local value unless the comptroller determines that the size of the sample of properties necessary to make the determination makes the use of such a margin of error not feasible.

For purposes of provisions making certain districts with an invalid local value eligible for a two-year grace period during which that local value may be used as the district's taxable value, C.S.H.B. 1568 changes the eligibility condition that, in the current PVS year, the aggregate local value of all studied categories is not less than 90 percent of the lower limit of the margin of error by lowering that percentage to 85 percent.

C.S.H.B. 1568 applies to a PVS for a tax year that begins on or after January 1, 2022.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.

## **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 1568 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The original changed the cap on the margin of error used to determine the validity of a district's local value to 10 percent, whereas the substitute changes it to 7.5 percent.

With respect to the conditions under which a district with an invalid local value is eligible for a grace period, the original changed the minimum aggregate local value of all studied categories to not less than 80 percent of the lower limit of the margin of error, whereas the substitute changes it to 85 percent of that lower limit.