

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 7, 2003

TO: Honorable Frank Madla, Chair, Senate Committee on Intergovernmental Relations

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB3232 by Smith, Todd (Relating to the collection of costs incurred by a municipality in remedying substandard conditions on a property.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend the Health and Safety Code to require the person who assesses the ad valorem taxes for the municipality to include on the ad valorem tax bill a separate item that assesses expenses and interest accrued for violations of municipal sanitation regulations. If the person who assesses or collects taxes for the municipality is not an officer or employee of the municipality, the municipality would be required to negotiate a reasonable fee to pay the collector for the services provided. The bill would take effect September 1, 2003 and would apply to collections of an expense and interest incurred by a municipality accrued before, on, or after the effective date.

Finance offices in the cities of Carrollton, Fort Worth, Houston, and Waco provided fiscal impact related to municipalities if the provisions of the bill are implemented. Tax assessor-collectors in the counties of Fort Bend, Randall, Tarrant, and Williamson provided fiscal impact related to counties.

The City of Carrollton estimates that the impact would be insignificant, although it is anticipated that the provisions of the bill would provide additional leverage in collecting the charges for remedying substandard conditions on a property. The only costs estimated would be for modifying their bill print program.

The City of Houston anticipates the results of implementation would be a significant increase in collection of charges for nuisance abatement at very little cost for the city. The city assumes an increase of collecting 50 percent of the amounts that currently go uncollected would result in recouping an additional \$2.2 million per year.

The City of Waco anticipates the positive fiscal impact would vary, but for weed mowing alone, the city currently has a balance of uncollected charges totalling approximately \$500,000.

Fort Bend County anticipates an insignificant fiscal impact; however, the other counties responding indicated a significant negative fiscal impact.

The tax assessor-collector in Randall County estimates one-time computer programming costs of \$1,000 per municipality within the county. The county assumes charging the municipalities \$2,500 per year for collections, regardless of the number of tax bills to which additional charges would be printed. The county projects a reduction in tax collections if other fees are included on the tax bill.

Tarrant County identified issues related to implementation that the county estimates would have a significant negative fiscal impact: revising data systems to incorporate input from each municipality and to integrate tax billing with miscellaneous charges, increasing staff for administering the technology, and adding administrative staff to validate charges.

Williamson County also anticipates a significant cost increase would occur. In addition to the issues identified by Tarrant County, the Williamson County tax assessor-collector also indicated the

statements would have to be revised. Currently, the county's tax statements are on 8 1/2 x 11 paper, with information filling both sides. There would be printing charges and possibly additional paper per tax bill. Although computer programming would be required, there are still aspects that the county projects would have to be processed manually, which would add to the costs. Further, because most property taxes are collected from mortgage companies, the tax assessor-collector's office would have to send out a separate bill to the mortgage company for the taxes and one to the property owner for the other charges. As an example of start-up costs alone, Williamson County cited having added collections for three road districts to the tax bills in 2001, at an initial cost of \$6,900, and that did not require revising the tax forms.

Local Government Impact

It is anticipated that municipalities would experience a positive fiscal impact that would vary depending on the responsiveness of the taxpayer.

It is anticipated that counties would experience a negative fiscal impact that would vary depending on the number of municipalities within the county, existing systems in place, and to what degree systems would require revision.

Source Agencies: 304 Comptroller of Public Accounts

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