

BILL ANALYSIS

H.B. 1082
By: Talton
Local Government Ways and Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

During appraisal review board hearings appraisal districts must show that the appraisal ratio of a property in question is not greater than the median level of similar properties or all properties within the district. HB 1082 will afford property owners a broader series of criteria in their arguments. If they meet the criteria the appraisal board must find in their favor.

Prior to 1997, property owners could not protest their appraisal value at a venue other than in front of the appraisal review board. The 75th Legislature, however, passed legislation granting relief in district court for a property owner dissatisfied with the decision made by the appraisal review board. Currently, a district court may only grant relief if the appraisal ratio has been judged to exceed 10 percent of the median level of a sample of other properties in the appraisal district. This approach may not take into account extreme differences in property values within any given appraisal district. HB 1082 adds two additional entitlements for relief ensuring fairer judgement of actual property value.

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

SECTION 1

Amends Section 41.43 of the Tax Code to specify that a protest of property appraisal value will be determined in favor of the appraisal district unless the property owner establishes that:

1. The appraisal ratio of the property is greater than the median level of appraisals of a sample of properties within the district;
2. The appraisal ratio of the property is greater than the median level of appraisals of properties of the same general kind or within the same area of the property; or
3. the appraised value of the property is greater than the median appraised value of a reasonable number of similar properties.

The comparison of the properties must be based on the market values determined by the appraisal district when the property is a residence homestead at a level not in violation of Section 23.23 of the Tax Code. If the property owner is able to establish any of these three burdens of proof, the appraisal board must find in favor of the property owner.

SECTION 2

Amends Section 42.26 of the Tax Code to specify that a property has been appraised unequally and the court shall grant relief if:

1. The appraisal ratio of the property is greater than 10 percent of the median level of appraisals of a sample of properties within the district;
2. The appraisal ratio of the property exceeds by at least 10 percent of median level of a sample

of properties of the same general kind or within the same area of the property; or
3. The appraised value of the property exceeds the median value of a reasonable number of comparable properties appropriately adjusted.

The property owner is then entitled to have the property's appraised value changed to the median level of appraisal under the section in which the property owner is entitled to relief. If the property owner is entitled to relief under more than one section, the property shall have the value changed to the lowest appraised value in which the property owner is entitled to relief. The comparison of the properties must be based on the market values determined by the appraisal district when the property is a residence homestead at a level not in violation of Section 23.23 of the Tax Code.

SECTION 3

Specifies that this Act only applies to appeals initiated by the filing of an appeal with the appraisal board on or after the date of this Act as well as specifying the effective date of this Act.

EFFECTIVE DATE

September 1, 2003.