

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

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**May 14, 2003**

**TO:** Honorable Teel Bivins, Chair, Senate Committee on Finance

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB1082** by Talton (Relating to the appraisal of property by appraisal districts.), **As Engrossed**

**No significant fiscal implication to the State is anticipated.**

The bill would require chief appraisers who appraise the same property in a taxing unit with territory in two or more counties to use the lowest appraised value for that property as determined by any of the chief appraisers. Also, any value reduction as a result of a protest or appeal in any of the appraisal districts would result in a value reduction in all appraisal districts. By requiring the use of the lowest of two or more appraisals for use within overlapping taxing units, this provision could cause a reduction in taxable value in overlapping districts, depending on future appraised values and the agreements made by chief appraisers under current law.

This bill would allow taxpayers to argue before the appraisal review board (ARB) that the appraised value of their property was greater than the median appraised value of a reasonable number of comparable properties. The bill would also shift the burden of proof at the ARB level from the appraisal district to the taxpayer. In addition, the bill would require a district court to grant relief (reduce property values) for unequal appraisal, if the appraisal ratio of the property exceeded by at least 10 percent the median level of a sample of properties in the appraisal district, or if the appraised value of the property exceed the median appraised value of a reasonable number of comparable properties. These provisions would provide a new basis for property owner relief (reduced property values) in an ARB appeal and before district court. It also would shift the burden of proof to the taxpayer at the ARB level. As a result these provisions could impact taxable property values.

The bill would also expand the class of parties allowed to sue an appraisal district or an appraisal review board to compel compliance with the Tax Code, Comptroller rules, or other laws. Under current law, only taxing units are allowed to sue. This bill would add the following as eligible to bring suit: property owners, lessees obligated to pay property taxes, tax agents, and persons authorized to bring actions on behalf the above-listed parties. The bill would mandate reasonable attorney's fees for a prevailing plaintiff. Passage of this provision could also cause a change in school district taxable values

Section 403.302 of the Government Code requires the Comptroller to conduct a property value study to determine the total taxable value for each school district. Total taxable value is an element in the state's school funding formula. Passage of this bill could reduce school district taxable values reported to the Commissioner of Education by the Comptroller and increase costs to the Foundation School Fund.

### **Local Government Impact**

By requiring the use of the lowest of two or more appraisals for use within overlapping taxing units, this bill could cause a reduction in taxable value in those overlapping districts, depending on future appraised values and the agreements made by chief appraisers under current law.

Passage of the provisions providing a new basis for property owner relief in an ARB appeal and before

district court, could cause a change in taxable property values. However, no significant fiscal implication to units of local government is anticipated.

The Comptroller's most recent Appraisal District Operations Report shows that appraisal districts reported 2,400 district court lawsuits filed in 2001. The provisions relating to an expanded list of parties authorized to sue an appraisal district or appraisal review board could result in additional costs to appraisal districts and the taxing units funding those appraisal districts. Similarly, the provision relating to attorney's fees could have a negative fiscal impact on the amount of attorney's fees paid by appraisal districts to plaintiffs in district court lawsuits. The effects of such changes could result in an increase in local cost of operations.

**Source Agencies:** 212 Office of Court Administration, Texas Judicial Council, 304 Comptroller of Public Accounts

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