

## **BILL ANALYSIS**

C.S.H.B. 182  
By: Mowery  
Local Government Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Under current law, a taxpayer is required to appeal the decision of an appraisal review board to the district court. Appeals to a district court are often costly for the parties involved and these expenses may prevent those who cannot afford the costs from taking their appeal to court. Litigation costs are lower through the arbitration process, but under current law, taxpayers are not allowed to select the arbitration process as an alternative to the appraisal review board and appeal to district court.

C.S.H.B. 182 allows a taxpayer to select binding arbitration for a protest concerning the appraised or market value of residential real property if the value of the property is \$1 million or less.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this committee substitute for the bill does expressly grant additional rulemaking authority to the Comptroller of Public Accounts in SECTION 1 and SECTION 2.

### **ANALYSIS**

SECTION 1. Amends Chapter 41, Tax Code, by adding Subchapter E, as follows:

Provides that a property owner may protest the appraised or market value of residential real property through binding arbitration if the value of the property is \$1 million or less.

Provides for the registry and qualification of arbitrators, and the arbitration process.

SECTION 2. Provides that, not later than October 1, 2005, each appraisal district shall prescribe the form for an arbitration request and the Comptroller shall prescribe the model form and establish a registry of qualified appraisers.

SECTION 3. Provides that Subchapter E, Chapter 41, Tax Code, as added by this Act applies only to protests filed by property owners after the effective date of this Act.

SECTION 4. Provides effective date of September 1, 2005.

### **EFFECTIVE DATE**

September 1, 2005

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

C.S.H.B. 182 adds new language providing an arbitration alternative to the current appraisal protest process. It allows a property owner to avoid the appraisal review board process and select binding arbitration as an alternative. The Comptroller will qualify the arbitrators. The property owner and the appraisal district will each post a deposit to cover the arbitration expenses. If the arbitration award reduces the value of the property by 10% or more on property

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with a value of \$200,000 or more or reduces the value of the property by 5% or more on property with a value under \$200,000, the deposit posted by the property owner shall be refunded by the appraisal district.

The substitute removes provisions in the original bill that provided an appeal from the appraisal review board decision to small claims court.