

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 79TH LEGISLATIVE REGULAR SESSION

February 16, 2005

TO: Honorable Fred Hill, Chair, House Committee on Local Government Ways & Means

FROM: John S. O'Brien, Deputy Director, Legislative Budget Board

IN RE: HB182 by Mowery (Relating to appeals to small claims courts of certain ad valorem tax determinations.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would permit a property owner to appeal in a small claims court an ad valorem tax determination by an appraisal review board if the amount of taxes due on the portion of the taxable value of the property in dispute is an amount within the jurisdiction of the small claims court (\$5,000 or less). The bill would take effect September 1, 2005.

Under current statute, all appeals of appraisal review board decisions regarding ad valorem tax determinations must take place in district court. The proposed change in statute would reduce the docket load in district courts, but would conversely increase the docket load in small claims courts (justice of the peace courts and county courts).

According to data provided by the Comptroller of Public Accounts, there were 751,290 appeals of ad valorem tax determinations filed with an appraisal review board in calendar year 2003; of the number of appeals filed with the review boards, 359,743 resulted in hearings scheduled, although the petitioner failed to appear in nearly half of those cases. In the same year, there were 3,325 petitions filed in district court to appeal the appraisal board's decision.

Because it is less expensive to file a petition in a small claims court than in a district court (\$10 as opposed to \$45), and because no attorney is needed in small claims court, it is assumed that there would be an increase in the number of property owners who would choose to file an appeal of a review board's decision in court than under current statute. For example, if the same number of hearings that were scheduled with a review board and in which the petitioner appeared in 2003 (184,840) and the same number of petitions that were filed in district court in 2003 (3,325) were eligible and were to be filed in small claims court each year, there would be an increase in the number of appeals filed in small claims courts statewide of 188,165. If that number of appeals was spread evenly across all 254 counties, there would be an increase of 741 cases filed in small claims courts in each county. It is more likely, however, that the increase in the number of cases would be proportionate to the size of each county.

Local Government Impact

Although the counties would incur the costs of an increase in the dockets of the small claims courts, and while the \$10 filing fee would not cover all costs, it is assumed that the direct fiscal impact of conducting additional court hearings would not have a significant fiscal impact on most units of local government. The negative fiscal impact would vary by county, depending on the county's overall budget.

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

LBB Staff: JOB, WP, SD, DLBa