

BILL ANALYSIS

C.S.H.B. 3024
By: Frost
Local Government Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently Texas property taxpayers may present an independent third party appraisal as evidence in an appraisal review board (ARB) hearing. However, Texas law does not lay out the credence a certified independent appraisal should be accorded in these hearings. Complaints have arisen that legitimate third party appraisals are being disregarded by ARBs in favor of the appraisal district's assessment of appraised value.

C.S.H.B. 3024 will clarify when a property owner submits a properly conducted, recently completed and certified appraisal of property value in an ARB hearing, the appraisal district must provide evidence which clearly refutes the independent appraisal. If the appraisal district fails to so, the protest shall be determined in favor of the property owner.

In addition, the bill creates a Class B misdemeanor for someone who has a contingency interest in the outcome of a protest hearing to purposefully mislead the ARB with a written appraisal submitted in the manner authorized under this bill.

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, by adding Subsections (a-1) and (a-2) as follows:

Subsection (a-1) increases the weight accorded in a taxpayer protest hearing to the determination by a certified private appraiser of appraised value of real property. Providing that if a taxpayer files and delivers a property appraisal from a certified private appraiser to the appraisal review board, the appraisal district will have the burden of establishing the value of the property by clear and convincing evidence presented at the appraisal review board hearing. If the appraisal district fails to meet that standard, the protest shall be determined in favor of the property owner if the following qualifications are met: the private appraisal of the property was performed not later than the 180th day before the first day of the hearing, was delivered to the appraisal board's chief appraiser no later than two weeks prior to the date of the hearing, and that the appraisal was performed on a property with a market or appraised value of \$1 million or less as determined by the appraisal district.

Subsection (a-2) which requires an appraisal filed under Subsection (a-1) must be attested to before an officer authorized to administer oaths and include:

- 1) the name and business address of the certified appraiser;
- 2) a description of the appraised property;
- 3) a statement of that the appraised or market value of the property:
 - (A) was, as appropriate, the appraised or market value of the property as of January 1 of the respective tax year; and
 - (B) was determined using an appraisal method laid out in the Appraisal Methods and Procedure Chapter (Chapter 23) of the Tax Code; and
- 4) was performed in following the Uniform Standards or Professional Appraisal Practice.

SECTION 2. Amends Section 37.10 (c) of the penal code to a written appraisal presented before the appraisal review board under Section 41.43 (a-1) of the Tax Code as a Class B misdemeanor if appraiser performed by a person who had a contingency interest in the outcome of the appraisal review board hearing.

SECTION 3. Provides that changes in law made under Section 1 of this Act applies only to a protest filed with the appraisal review board on or after September 1, 2007, and the change in law made by Section 2 of this Act applies only to an offense committed on or after September 1, 2007.

SECTION 4. Establishes the effective date: September 1, 2007.

EFFECTIVE DATE

September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

CSHB 3024 amends HB 3024 by specifying that the procedures laid out under SECTION 1 in Subsection (a-1) only apply to a property with a market or appraised value of \$1 million or less as determined by appraisal district. CSHB 3024 also amends HB 3024 by spelling out that for an appraisal filed under SECTION 1 in Subsection (a-1) to be valid, it must include a statement that the appraised or market value of the property being protested under the section was: if applicable, the appraised or market value as of January 1 of that tax year and determined using the methods laid out by Appraisal Methods and Procedure Chapter (Chapter 23) of the Tax Code. CSHB 3024 also amends HB 3024 by spelling out that for an appraisal filed under SECTION 1 in Subsection (a-1) to be valid, it must include a statement that the appraisal was performed in accordance with the Uniform Standards or Professional Appraisal Practice. CSHB 3024 also corrects a drafting error in HB 3024 under SECTION 2, removing Section 41.42 (a-1) of the Tax Code in that section and substituting Section 41.43 (a-1) of the Tax Code.