

BILL ANALYSIS

Senate Research Center
80R12056 JD-F

H.B. 3492
By: Otto et al. (Janek)
Finance
5/14/2007
Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, the comptroller of public accounts (comptroller) conducts an annual property value study using comparable sales and generally accepted auditing and sampling techniques to determine the total taxable value of all property in each school district. The property value study is used in school finance to determine the amount of funding to which a school district is entitled. If a school district's appraised taxable value, as determined by an appraisal district or districts, is less than the taxable value in the property value study, the comptroller's "state values" can be used to determine the amount of state funding to which a school district is entitled or the amount of recapture that the school district owes.

When property is appraised, the property owner is entitled to protest the appraisal on the grounds of unequal appraisal of property. Section 41.43 (Protest of Determination of Value or Inequality of Appraisal), Tax Code, places the burden of proof upon the appraisal district. Such a protest is determined in favor of the property owner unless the appraisal district shows by a preponderance of evidence that the appraisal ratio of the property is equal to or less than the median level of appraisal of a reasonable and representative sample of other properties in the appraisal district, the appraisal ratio of the property is equal to or less than the median level of appraisal of a sample of properties in the appraisal district consisting of a reasonable number of other properties similarly situate to, or of the same general kind or character as, the property subject to the protest, or the appraised value of the property is equal to or less than the median appraised value of a reasonable number of comparable properties appropriately adjusted. The overwhelming preponderance of these appeals are determined in favor of the property owner.

H.B. 3492 requires the comptroller, in conducting the property value study, to ensure that different levels of appraisal resulting from protests determined under Section 41.43, Tax Code, are appropriately adjusted in the study. This would ensure that a school district's funding is not adversely impacted if a high number of property owners successfully protest their appraised values on the grounds of unequal appraisal.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 403.302(b), Government Code, to require the comptroller of public accounts to determine the taxable value of property in each school district in a specific manner and for certain reasons, including to ensure that different levels of appraisal resulting from protests determined under Section 41.43 (Protest of Determination of Value of Inequality of Appraisal), Tax Code, are appropriately adjusted in the study.

SECTION 2. Makes application of Section 403.302, Government Code, as amended by this Act, prospective to a tax year that begins on or after January 1, 2007.

SECTION 3. Effective date: upon passage or September 1, 2007.