

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

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**March 30, 2007**

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

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

**IN RE: HB3494** by Otto (Relating to the appeal through binding arbitration of a protest of an appraisal review board order, and to related complaints filed by a property owner and disciplinary action by the Board of Tax Professional Examiners; providing penalties.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3494, As Introduced: an impact of \$0 through the biennium ending August 31, 2009.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

**General Revenue-Related Funds, Five-Year Impact:**

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1	Probable Revenue Gain from <i>GENERAL REVENUE FUND</i> 1
2008	(\$60,000)	\$60,000
2009	(\$60,000)	\$60,000
2010	(\$60,000)	\$60,000
2011	(\$60,000)	\$60,000
2012	(\$60,000)	\$60,000

Fiscal Year	Change in Number of State Employees from FY 2007
2008	1.0
2009	1.0
2010	1.0
2011	1.0
2012	1.0

**Fiscal Analysis**

The bill would amend provisions in Chapter 41A of the Tax Code and Chapter 1151 of the Occupations Code, relating to binding arbitration of a protest of an appraisal review board order, complaints filed by a property owner against tax professionals, and disciplinary action by the Board of Tax Professional Examiners.

The bill would amend the Tax Code to allow taxpayers greater latitude to present evidence and a broader range of representation in a binding arbitration hearing.

The property owner would also be entitled to allege and present evidence at a binding arbitration hearing to show that the appraisal review board failed to comply with state law and Comptroller rules and any other substantive or procedural requirements applicable to board hearings. Although a property owner would not be allowed to appeal an arbitration award to the Board of Tax Professional Examiners, the owner could file a complaint with the Board under the Occupations Code. The Board would investigate a complaint and could impose disciplinary action.

The bill would amend the Occupations Code to allow the Board of Tax Professional Examiners to take disciplinary action against a registered or certified tax professional for violations of Title 1 of the Tax Code by taking various actions relative to the person's status with the Board. The Board would be authorized to also impose an administrative penalty not to exceed \$1,000 for each violation, each day constituting a separate violation. The court could assess costs, including attorney's costs, against the tax professional along with reasonable expenses.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2007.

### **Methodology**

Because the state is constitutionally prohibited from imposing a state property tax, there would be no direct fiscal impact on the state.

According to the Board of Tax Professional Examiners, the agency would be required to add an investigator to its staff. The cost to agency would be approximately \$60,000 annually, \$50,000 for salary and \$10,000 for travel. This analysis assumes that these increased costs resulting from the bill would be offset by an increase in fee generated revenue.

### **Local Government Impact**

No significant fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 337 Board of Tax Professional Examiners

**LBB Staff:** JOB, CT, TGI, SD, SJS