

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 14, 2009

TO: Honorable Rene Oliveira, Chair, House Committee on Ways & Means

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

IN RE: HB3612 by Otto (Relating to the creation of a pilot program that allows taxpayer appeals from certain appraisal review board determinations in certain counties to be heard by the State Office of Administrative Hearings.), **Committee Report 1st House, Substituted**

Because it is unknown whether the results of the pilot program would result in higher or lower appraised values statewide than under current law, there could be an indeterminate fiscal impact to the state.

The bill would add new Subchapter Z to Chapter 2003 of the Government Code, regarding the State Office of Administrative Hearings (SOAH). The new subchapter would establish a pilot program allowing property owners to appeal appraisal review board (ARB) determinations for certain properties to SOAH. Funding for the program would come from a \$300 filing fee (which must be returned if the appellant wins) and SOAH's right to collect its costs from the losing party.

The pilot program would be implemented in Bexar, Dallas, El Paso, Harris, Tarrant, Cameron, and Travis Counties for a three-year period beginning January 1, 2010. Owners of properties appraised at more than \$1 million could protest ARB determinations to SOAH, resulting from protests of appraised and market value or unequal appraisal. SOAH and chief appraisers for counties included in the pilot program would submit a report at the end of the pilot program to the Legislature including recommendations for future action.

Currently, the only recourse for owners of property appraised at more than \$1 million dissatisfied with ARB determinations is to file suit in district court. The pilot program would allow these property owners, with the exception of industrial property or minerals, to protest ARB determinations to SOAH. The property owner or chief appraiser with approval of the appraisal district's board of directors could still file suit in district court after conclusion of the SOAH hearing.

SOAH estimates, based on the projected need to hire five additional experienced Administrative Law Judges and three additional support staff, the cost of the additional work would be \$884,742 for the first year and \$836,761 per year thereafter. These costs would be reimbursable to SOAH through retention of the filing fee when the appellant loses and by billing and collecting its costs from the losing party. Accordingly, the cost to SOAH for performing the work would not have a net fiscal impact on general revenue. According to the Comptroller of Public Accounts, the fiscal impact of this bill resulting from the pilot program can not be determined.

Local Government Impact

Because it is unknown whether the results of the pilot program would result in higher or lower appraised values than under current law, there could be an indeterminate fiscal impact to units of local government.

Source Agencies: 304 Comptroller of Public Accounts, 360 State Office of Administrative Hearings

LBB Staff: JOB, MN, SD, SJS