

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

April 23, 2009

TO: Honorable Steve Ogden, Chair, Senate Committee on Finance

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

IN RE: SB1117 by Nichols (Relating to the appeal of certain ad valorem tax determinations through binding arbitration.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 41A of the Tax Code, regarding property tax appraisal appeals through binding arbitration.

The bill would extend the application of binding arbitration to cases involving tangible personal property held or used for the production of income. Current law covers only certain real property. In addition, the bill would set requirements for persons to qualify as an arbitrator for cases involving tangible personal property held or used for the production of income.

Currently, in order for a property owner to take advantage of binding arbitration to settle property tax valuation issues between the property owner and the appraisal district and appraisal review board, the property must be real property valued at not more than \$1 million. This bill would include tangible personal property used in the production of income as a property type qualifying for binding arbitration.

Currently, one qualification for arbitrators of real property proceedings is that they must be a real estate broker or salesperson, or a real estate appraiser. Arbitrators of tangible personal property proceedings would not have to meet that qualification, but would be required to meet training standards established by the bill.

Currently, parties to real property arbitration proceedings could represent themselves or be represented by an employee of the appraisal district, an attorney, a real estate broker or salesperson, a real estate appraiser, or a property tax consultant. This bill adds certified public accounts to the list of professionals who can represent parties in arbitration proceedings dealing with tangible personal property.

The bill would provide another avenue for property owners to resolve valuation issues without having to file suit in district court. Real property values have not been significantly affected by allowing for binding arbitration, and it is not expected that including tangible personal property would significantly affect overall property values.

The bill would be effective September 1, 2009.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, SJS