

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 11, 2011

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

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

IN RE: HB1887 by Villarreal (relating to the procedures for property tax protests and appeals.),
Committee Report 1st House, Substituted

No fiscal implication to the State is anticipated.

The bill would amend Chapter 41 and Chapter 42 of the Tax Code, regarding property taxation, to prohibit a protest notice to be found untimely or insufficient based on the fact that the notice is filed by or identifies the property owner as a person who is not the property owner. This prohibition would only apply if the filer or identified person is shown on the appraisal records as the owner, the person is an affiliate of the owner, or the identification of the property owner is not materially misleading. If a property owner in a protest notice is shown on the appraisal records as the owner or the identification of that owner is not materially misleading, then the bill would provide that property owner is entitled to intervene in the appeal not later than the 30th day after the day a party files a motion or plea that the person filing an appeal lacks standing or the entitlement to appeal an appraisal review board (ARB) order because the person is not the property owner.

The bill would provide that an ARB must state in a determination order for protest relating to appraised value determination the appraised value of the property as shown in the appraisal records submitted to the ARB by the chief appraiser and the appraised value as determined by the ARB.

The bill would make several changes related to property tax appeals to district court including requiring mediation on a motion by a party to an appeal and authorizing the court to require mediation on its own motion; providing that an offer of evidence by any person present at an ARB hearing constitutes sufficient evidence to deny a no-evidence motion for summary judgement; and providing that separate forms must be filed with each taxing unit for each appeal to which the owner is party.

The bill would require an attorney who accepts an engagement or compensation from a third party to represent a person in an appeal to provide specified notices by certified mail to the represented person. These notices would include that the attorney has retained a third party to represent the person; explanation of the attorney's ethical obligations to the person in relation to the third party; description of the activities the third party would perform; explanation of the third party's compensation, and the notification that the person's consent is required before the attorney may compensate the third party. The bill would authorize a person to void an engagement that does not comply with these proposed requirements and would provide that an attorney that does not comply would violate Rule 1.08, Texas Disciplinary Rules of Professional Conduct.

The bill would make changes affecting the handling of property tax appeals to district court but would not change taxable values, tax rates, exemption amounts, or any other variable affecting property tax revenues. Consequently, these provisions have no fiscal impact on the state or units of local government.

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, 2011.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KK, SD, SJS