

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

April 1, 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 procedural changes to property tax protests and appeals.),
As Introduced

No fiscal implication to the State is anticipated.

The bill would amend Chapter 42 of the Tax Code, regarding property taxation, to make several changes related to property tax appeals to district court including specifying circumstances in which the court has jurisdiction over an appeal; allowing property owners or their agents to offer evidence of market value or equal and uniform value in a no evidence motion; requiring alternate dispute resolution; allowing the court to impose sanctions for failure to participate in alternative dispute resolution; removing certain restrictions on attorney's fees if an appraisal district refuses to hold an informal hearing or enter into alternative dispute resolution with the property owner within 240 days of the lawsuit filing date; allowing individuals who are not licensed real estate appraisers to offer expert testimony; requiring that the property values of the subject and comparable properties must be the values determined by the appraisal review board; and prohibiting a taxing unit from agreeing as part of a settlement to waive interest. The bill also would replace the 8 percent interest on certain property tax refunds with the interest rate based on three-month U.S. treasury bills but capped at 10 percent which currently only applies to refunds for certain denied exemptions that were successfully appealed to a district court.

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 also decrease the rate of interest paid on certain refunds paid by taxing units to taxpayers who have made successful district court appeals. This would create a gain to units of local government. The number of future successful district court appeals and amount of associated interest payments is unknown, so the gain cannot be estimated. Interest payments are not included in the school funding formula so there would be no fiscal gain to the state.

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

The bill would decrease the rate of interest paid on certain refunds paid by taxing units to taxpayers who have made successful district court appeals resulting in a gain to units of local government.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, KK, SD, SJS