

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

**FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION**

**March 14, 2013**

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

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB585** by Villarreal (Relating to procedural requirements under the Property Tax Code.),  
**As Introduced**

**The bill contains several provisions related to district court procedures. To the extent that taxable values would be reduced pursuant to these provisions, the bill would create a cost to the state through the operation of the school funding formulas.**

This bill would amend various chapters of the Tax Code, with regard to property taxes, to implement procedural changes related to appraisal review board education, appraisal review board appointment and removal, property owner complaints about appraisal review boards, appraisal review board terms of office, Comptroller communications on matters before the appraisal review board, taxpayer liaison officers, and related matters. The Comptroller would be required to adopt rules of uniform practice and procedure for appraisal review boards, and other rules and forms.

The bill would provide an application process for personal property owners requesting interstate allocation.

The bill would make procedural changes regarding taxpayer rights at an appraisal review board hearing, scheduling of hearings, other appraisal review board hearing matters, and appeals from appraisal review board orders to district court.

The bill would repeal Section 41A.031, which provides an expedited binding arbitration process for appeals from appraisal review board orders.

Certain provisions of the bill, including a provision requiring appraisal review board hearings to be set for a time and date certain, automatic appraisal review board hearing postponements under certain circumstances, consecutive hearing scheduling requirements, and limitations on hearing panel assignments could create local compliance costs. No statewide data are available on the amount of these costs. As an example, however, Harris County Appraisal District has estimated that the total administrative costs of complying with the bill's procedural requirements would be about \$2.4 million annually. This cost would be borne by the taxing units that contribute to the appraisal district budget.

The Comptroller's office reports that administrative costs to the agency would be \$64,000 per year to hire one FTE to adopt uniform practice and procedure rules for appraisal review boards, develop and implement policies for the public to register complaints, receive and compile the complaints, and draft an annual report.

The bill contains several provisions related to district court procedures. These provisions include:

- 1) allowing multiple plaintiffs;
- 2) allowing amendment of an appeal to include additional properties owned by the same owner or related entities;
- 3) allowing court jurisdiction over an appeal regardless of the plaintiff identified in the petition under certain circumstances; and
- 4) an exception for certain high-value properties to the requirement that the appraised value of the subject property and comparable properties be the appraised value determined by the appraisal review board in unequal appraisal appeals.

To the extent that taxable values would be reduced pursuant to these provisions, the bill would create a cost to units of local government and to the state through the operation of the school funding formulas. Taxable value reductions would be dependent on the outcome of future taxable value appeals in district court and the outcome of such appeals cannot be predicted. Consequently the bill's fiscal impact cannot be estimated.

This 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, 2013.

### **Local Government Impact**

Certain provisions of the bill, including a provision requiring appraisal review board hearings to be set for a time and date certain, automatic appraisal review board hearing postponements under certain circumstances, consecutive hearing scheduling requirements, and limitations on hearing panel assignments could create local compliance costs. No statewide data are available on the amount of these costs. As an example, however, Harris County Appraisal District has estimated that the total administrative costs of complying with the bill's procedural requirements would be about \$2.4 million annually. This cost would be borne by the taxing units that contribute to the appraisal district budget.

In addition, the bill contains several provisions related to district court procedures. To the extent that taxable values would be reduced pursuant to these provisions, the bill would create a cost to units of local government.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD, SJS