

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 20, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB585 by Villarreal (relating to ad valorem taxation; creating an offense.), **Committee Report 2nd House, Substituted**

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, Comptroller communications on matters before the appraisal review board, local administrative district judges appointing appraisal review board members in counties with a population of 120,000 or more, taxpayer liaison officers providing clerical assistance to these judges, appraisal review board removal, ex-parte communications, appealing the denial of refund applications for the overpayment or erroneous payment of property taxes, recouping of electronic filing fees in delinquent tax suits, and related matters. The Comptroller would be required to prepare model hearing procedures that appraisal review boards would have to follow when establishing hearing procedures, prescribe a survey form for the public to provide comments and suggestions regarding appraisal review boards, and compile those surveys into annual reports. An appraisal district's taxpayer liaison officer would be responsible for receiving and compiling a list of comments and suggestions related to appraisal review boards filed by the chief appraiser, property owner, or agent and the liaison officer would have to forward the information to the Comptroller.

The bill would provide that an individual is ineligible to serve on an appraisal district board of directors if the individual has either appraised property or represented property owners for compensation in Property Tax Code proceedings in the appraisal district at any time during the preceding five years.

The bill would provide an application process for personal property owners requesting interstate allocation. The bill would provide that a secured party, with the property owner's consent, may render for property taxation any property of the owner in which the secured party has a security interest even though the secured party is not required to render the property under existing law. This would apply only to property that had a cost when new of more than \$50,000.

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.

The bill's provisions, including a provision requiring certain appraisal review board hearings to be set for a time and date certain, appraisal review board hearing postponements under certain circumstances, same-day hearing scheduling requirements, and limitations on hearing panel assignments, could create local compliance costs for the taxing units that increase the appraisal district budget. The extent of these local compliance costs are unknown and therefore cannot be estimated.

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

- 1) allowing multiple plaintiffs;
- 2) allowing the amendment of an appeal to include additional properties in the same county that are owned or leased by the same person;
- 3) allowing court jurisdiction over an appeal regardless of the plaintiff identified in the petition under certain circumstances;
- 4) allowing evidence, argument, or other testimony offered at appraisal review board hearing under certain circumstances; and
- 5) allowing property owners to be awarded attorney fees for district court determinations of exemption appeals related to Tax Code Sections 11.17, 11.22, 11.23, 11.231, or 11.24.

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. Certain specified provisions would take effect January 1, 2014.

Local Government Impact

The bill's provisions, including a provision requiring certain appraisal review board hearings to be set for a time and date certain, appraisal review board hearing postponements under certain circumstances, same-day hearing scheduling requirements, and limitations on hearing panel assignments, could create local compliance costs for the taxing units that increase 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

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