

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 14, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2419 by Elkins (Relating to a pilot program authorizing an administrative district judge to appoint special magistrates to assist in hearing ad valorem tax protests.), **As Engrossed**

No fiscal implication to the State is anticipated.

Section 1 of this bill would amend Chapter 41 and Chapter 6 of the Tax Code, regarding local appraisal review, and local administration of appraisal districts, to require a four-year pilot program under which the local administrative district judge (judge) and appraisal district board of directors of Harris County are required to determine the number of special magistrates necessary to conduct timely hearings on taxpayer protests. The judge would appoint that number of special magistrate to conduct hearings on property tax appraisal protests and to recommend determinations to the appraisal review board in a timely manner. A special magistrate would have the same powers as an appraisal review board member. The chair of the appraisal review board would, to the extent practicable, assign special magistrates to conduct hearings based on the magistrate's expertise, but would be prohibited from assigning a hearing based on a magistrate's record of recommending determinations favorable to the board.

The pilot program would apply only to a protest related to a property with an appraised or market value, whichever is greater, of at least \$1 million, as determined by the appraisal district, and that has a commercial use. The pilot program would begin on January 1, 2014 and expire on January 1, 2018.

The bill would specify procedures and requirements for the pilot program, and would specify procedures for determining the special magistrates' eligibility, compensation, training, terms of office, qualifications, a restriction on a special magistrate appearing before an appraisal review board, and other matters. Special magistrates would be prohibited from certain ex parte communications. Special magistrates would serve as independent contractors of the appraisal review board.

The bill would require the appraisal review board to determine the outcome of each protest by accepting or rejecting the recommendation of the special magistrate. If the magistrate's recommendation is not accepted, the appraisal review board may refer the matter to another special magistrate for rehearing or determine the protest by majority vote after delivering proper notice.

Section 2 of the bill would require that beginning on September 1, 2013, the local administrative district judge of Harris County must meet with the Harris County Appraisal District board of

directors to determine the number of special magistrates necessary to timely conduct hearings on the protests specified by the bill. Not later than November 1, 2013, the judge would be required to appoint the required number of special magistrates and the comptroller would be required to adopt rules relating to the training required under the bill. The judge would be required to appoint one-half of the initially appointed special magistrates to one-year terms and the other half to two-year terms beginning January 1, 2014. Subsequent appointees would serve two year terms beginning on January 1 of each year.

The bill would not affect taxable property values, tax rates, collection rates, or any other variable which might affect the revenues of units of local governments or the state.

The bill would take effect on January 1, 2014, except for Section 2, which would take effect on September 1, 2013.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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