

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 30, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB2723** by Otto (relating to the burden of establishing the value of property in certain protests to an appraisal review board.), **Committee Report 1st House, Substituted**

The increase in an appraisal district's burden of proof proposed by the bill would increase the number of appraisal review board determinations in which a property owner's appraised value is reduced, thereby creating a cost to the state through the operation of the school finance formula.

The bill would amend Section 41.43 of the Tax Code, related to protests of value or inequality of appraisal protests, to specify that at an appraisal review board hearing on the appraised value or inequality of appraisal of a property an appraisal district has the burden of establishing the value of the property by clear and convincing evidence, rather than a preponderance of the evidence. This increase in an appraisal district's burden of proof would apply only if the appraised value of the property was lowered because of a taxing unit challenge, clerical error, or taxpayer protest; the appraised value in the preceding year was not established by written agreement between the property owner and the appraisal district; and the property owner has timely filed certain appraisal information.

If the appraisal district fails to meet its burden of proof under the bill the protest would be decided in favor of the property owner.

A property owner would not be required to provide any information in a protest except as a condition to an increased appraisal district burden of proof.

The increase in an appraisal district's burden of proof proposed by the bill would increase the number of appraisal review board determinations in which a property owner's appraised value is reduced, thereby creating a cost for units of local government and the state through the operation of the school finance formula. The number of additional protests that would be determined in favor of a taxpayer under the bill cannot be predicted. Consequently the fiscal impact cannot be estimated.

The bill would take effect on September 1, 2013 but would apply only to a protest filed on or after the effective date.

Local Government Impact

The increase in an appraisal district's burden of proof proposed by the bill would increase the

number of appraisal review board determinations in which a property owner's appraised value is reduced, thereby creating a cost for units of local government.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS