

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

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

**April 18, 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.), **As Introduced**

**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 established under certain circumstances (the bill is not clear on the nature of these circumstances), and if the property owner has timely filed information sufficient to allow for a determination of the property's market value.

The burden of proof established in the bill would not apply if the value of the property is established by mutual agreement between the chief appraiser and the property owner prior to an appraisal review board determination.

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