

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 4, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: **HB3445** by Otto (relating to the date by which an appraisal review board must hear a property tax protest, petition, or motion.), **Committee Report 1st House, Substituted**

The bill's provision that a protest, petition, or motion is granted if the ARB fails to hold a hearing within the specified time period would create a cost to the state through the operation of the school finance formulas in some instances (if there is no agreement for an extended deadline) because protests, petitions, and motions normally request a decrease in value.

This bill would amend Section 41.01 of the Tax Code, relating to local review of property tax matters, to provide that an appraisal review board (ARB) must hold a hearing that is necessary to take action or make a determination on or before the 275th day after the date the protest, petition, or motion is filed, unless the chief appraiser and the property owner or the property owner's agent agree to extend the deadline. If the deadline is extended by such agreement there would be no penalty or legal consequence for either party. If the ARB fails to hold the hearing by the required date, the protest, petition, or motion is considered granted.

This bill would apply to a protest, petition, or motion filed with an ARB before the effective date of this bill if the ARB has not held a hearing on the protest, petition, or motion as of the effective date of this bill; these protests, petitions, or motions would be considered to have been filed on the effective date of this bill.

The bill's provision that a protest, petition, or motion is granted if the ARB fails to hold a hearing within the specified time period could create a cost in some instances (if there is no agreement for an extended deadline) because protests, petitions, and motions normally request a decrease in value. In some instances ARB hearings in some large appraisal districts may continue past the bill's specified time period.

The actual amount of value that would be lost in future instances in which the number of protests overwhelms an appraisal review board's ability to process them within the bill's specified time period is unknown. Consequently, the cost to local taxing units and to the state through the school funding formula cannot be estimated.

This bill would take effect September 1, 2013.

Local Government Impact

The bill's provision that a protest, petition, or motion is granted if the ARB fails to hold a hearing within the specified time period would create a cost to local governments in some instances (if there is no agreement for an extended deadline) because protests, petitions, and motions normally request a decrease in value. In some instances ARB hearings in some large appraisal districts may continue past the bill's specified time period.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS