

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

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

**April 14, 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.), **As Introduced**

**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 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 an appraisal review board (ARB) must hold a hearing that is necessary to take action or make a determination on or before the 180th day after the date the protest, petition, or motion is filed, regardless of whether a party requests a postponement. 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 would create a cost because protests, petitions, and motions normally request a decrease in value. ARB hearings in some large appraisal districts may continue past the bill's specified time period. For example, Harris County Appraisal District estimates that for the 2007 and 2008 tax years, a period when property value growth and appraisal protests were very high, they would have lost about \$900 million in property value in each year if this bill had been in effect. This represents a school district revenue loss of about \$11.7 million per year, a large fraction of which would have been transferred to the state through the operation of the school finance formulas.

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 because protests, petitions, and motions normally request a decrease in value. ARB hearings in some large appraisal districts may continue past the bill's specified time period. For example, Harris County Appraisal District estimates that for the 2007 and 2008 tax years, a period when property value growth and appraisal protests were very high, they would have lost about \$900 million in property value in each year if this bill had been in effect.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** UP, KK, SD, SJS