

## **BILL ANALYSIS**

C.S.H.B. 3867  
By: Elkins  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties observe that currently only property owners of residence homesteads and non-homestead properties worth \$1 million or less may appeal an appraisal review board ruling through arbitration. Moreover, the parties note that the property owner must pay a \$500 arbitration deposit, which is returned if the owner prevails in the protest. There are concerns that such requirements impede certain property owners from taking their property tax protests to binding arbitration. C.S.H.B. 3867 seeks to address these concerns and allow more property owners to take their property tax protests to binding arbitration.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 3867 amends the Tax Code, for purposes of one of the conditions entitling a property owner to appeal through binding arbitration an appraisal review board order determining a protest concerning the appraised or market value of the property, to increase the appraised or market value of the property that triggers such entitlement from a value capped at \$1 million to a value capped at \$3 million.

C.S.H.B. 3867 changes the required arbitration deposit for an appeal of an appraisal review board order through binding arbitration from a set amount of \$500 to differential amounts as follows:

- \$450, if the property qualifies as the owner's residence homestead and the appraised or market value, as applicable, of the property is \$500,000 or less, as determined by the order;
- \$500, if the property qualifies as the owner's residence homestead and the appraised or market value, as applicable, of the property is more than \$500,000, as determined by the order;
- \$500, if the property does not qualify as the owner's residence homestead and the appraised or market value, as applicable, of the property is \$1 million or less, as determined by the order;
- \$800, if the property does not qualify as the owner's residence homestead and the appraised or market value, as applicable, of the property is more than \$1 million but not

more than \$2 million, as determined by the order; or

- \$1,050, if the property does not qualify as the owner's residence homestead and the appraised or market value, as applicable, of the property is more than \$2 million but not more than \$3 million, as determined by the order.

C.S.H.B. 3867 changes the amount of the arbitration deposit that the comptroller of public accounts is authorized to retain to cover the comptroller's administrative costs from an amount equal to 10 percent of the deposit to a set amount of \$50.

C.S.H.B. 3867 changes the cap on the arbitration fee that a person is required to agree to in order to initially qualify to serve as an arbitrator from not more than 90 percent of the amount of the arbitration deposit to differential caps as follows:

- \$400, if the property qualifies as the owner's residence homestead and the appraised or market value, as applicable, of the property is \$500,000 or less, as determined by the order;
- \$450, if the property qualifies as the owner's residence homestead and the appraised or market value, as applicable, of the property is more than \$500,000, as determined by the order;
- \$450, if the property does not qualify as the owner's residence homestead and the appraised or market value, as applicable, of the property is \$1 million or less, as determined by the order;
- \$750, if the property does not qualify as the owner's residence homestead and the appraised or market value, as applicable, of the property is more than \$1 million but not more than \$2 million, as determined by the order; or
- \$1,000, if the property does not qualify as the owner's residence homestead and the appraised or market value, as applicable, of the property is more than \$2 million but not more than \$3 million, as determined by the order.

#### **EFFECTIVE DATE**

September 1, 2015.

#### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

C.S.H.B. 3867 differs from the original only by amending the caption.