

## **BILL ANALYSIS**

C.S.S.B. 593  
By: Watson  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Interested parties report that, in litigation over property appraisals, the property owner is owed attorney's fees if the court determines that the property value according to the appraisal roll exceeds the required appraised value. Interested parties contend that legislation is needed to foster the timely resolution of lawsuits relating to property appraisals by requiring both sides to engage in settlement conferences, thereby reducing attorney fees. C.S.S.B. 593 seeks to address this issue.

### **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.S.B. 593 amends the Tax Code to authorize a property owner or appraisal district that is a party to a property tax appeal by judicial review to request that the parties engage in settlement discussions, including through an informal settlement conference or a form of alternative dispute resolution. The bill requires the request to be in writing and delivered to the other party before the date of trial and requires the court, on motion of either party, to enter orders necessary to implement pretrial settlement discussions.

C.S.S.B. 593 requires each party or the party's attorney of record to attend the settlement discussions and make a good faith effort to resolve the matter under appeal on or before the 120th day after the date the written request is delivered. The bill sets the deadline for designating experts for the appeal, if the appraisal district is unable for any reason to attend the settlement discussions on or before the 120th day after the date the written request is delivered and notwithstanding a deadline prescribed by the Texas Rules of Civil Procedure, at 60 days before the date of trial with regard to all experts testifying for a party seeking affirmative relief and at 30 days before the date of trial with regard to all other experts.

C.S.S.B. 593 establishes that if a property owner is unable for any reason to attend the settlement discussions on or before the 120th day after the date the written request is delivered, statutory provisions specifying that each party to an appeal is considered a party seeking affirmative relief for the purpose of discovery regarding expert witnesses under the Texas Rules of Civil Procedure under certain conditions do not apply to the parties to the appeal. The bill prohibits an appraisal district from requesting or requiring a property owner to waive a right under the Property Tax Code as a condition of attending a settlement discussion.

## EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2015.

## COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 593 may differ from the engrossed in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the engrossed and committee substitute versions of the bill.

### SENATE ENGROSSED

SECTION 1. Subchapter B, Chapter 42, Tax Code, is amended by adding Section 42.227 to read as follows:

Sec. 42.227. PRETRIAL SETTLEMENT DISCUSSIONS. (a) On motion by a party to an appeal under this chapter for which a discovery request to designate one or more expert witnesses is made, the court shall enter an order requiring the parties to engage in settlement discussions before the trial begins. The motion must be made not later than the 210th day before the date the discovery period in the appeal ends.

(b) If a motion is made under this section, the court shall order the settlement discussions to be conducted not later than the 90th day after the date the motion is made. The court may provide in the order that settlement discussions be conducted in a specific manner, including as part of an informal settlement conference or another form of alternative dispute resolution.

(c) Each party ordered to engage in settlement discussions must make a good faith effort to resolve the matter under appeal during the discussions.

### HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter B, Chapter 42, Tax Code, is amended by adding Section 42.227 to read as follows:

Sec. 42.227. PRETRIAL SETTLEMENT DISCUSSIONS. (a) A property owner or appraisal district that is a party to an appeal under this chapter may request that the parties engage in settlement discussions, including through an informal settlement conference or a form of alternative dispute resolution. The request must be in writing and delivered to the other party before the date of trial. The court on motion of either party shall enter orders necessary to implement this section, including an order:

- (1) specifying the form that the settlement discussions must take; or
- (2) changing a deadline to designate experts prescribed by Subsection (c).

(b) On or before the 120th day after the date the written request is delivered under Subsection (a), each party or the party's attorney of record shall attend the settlement discussions and make a good faith effort to resolve the matter under appeal.

(c) If the appraisal district is unable for any reason to attend the settlement discussions on or before the 120th day after the date the written request is delivered under Subsection (a), the deadline to designate experts for the appeal is, notwithstanding a deadline prescribed by the Texas Rules of Civil Procedure:

- (1) with regard to all experts testifying for a party seeking affirmative relief, 60 days before the date of trial; and
- (2) with regard to all other experts, 30 days before the date of trial.

(d) If a property owner is unable for any reason to attend the settlement discussions on or before the 120th day after the date the written request is delivered under Subsection (a), Section 42.23(d) does not apply to the parties to the appeal.

(e) An appraisal district may not request or require a property owner to waive a right under this title as a condition of attending a settlement discussion.

No equivalent provision.

SECTION 2. Section 42.29, Tax Code, is amended by adding Subsection (c) to read as follows:

(c) This subsection applies only if the appraisal district or the chief appraiser made a written settlement offer to the property owner on or before the 135th day before the date the trial began and a record of the offer was submitted to the court. For the purposes of Subsections (a)(2) and (b)(2), the amount by which the property owner's tax liability is reduced as a result of the appeal is computed by subtracting the property owner's tax liability resulting from the court's final determination of the appeal from the property owner's tax liability that would have resulted had the property owner accepted the most recent settlement offer meeting the requirements of this subsection. This subsection may not be construed to preclude a provision that waives attorney's fees or a refund of interest from being included in a settlement offer.

SECTION 3. The change in law made by this Act to Section 42.29, Tax Code, applies only to an appeal filed under Chapter 42, Tax Code, on or after the effective date of this Act. An appeal filed under Chapter 42, Tax Code, before the effective date of this Act is governed by the law in effect when the appeal was filed, and the former law is continued in effect for that purpose.

SECTION 4. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article

SECTION 2. The changes in law made by this Act apply only to an appeal filed under Chapter 42, Tax Code, on or after the effective date of this Act. An appeal filed under Chapter 42, Tax Code, before the effective date of this Act is governed by the law applicable to the appeal immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

SECTION 3. Same as engrossed version.

III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2015.