

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

**FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION**

**May 5, 2015**

**TO:** Honorable Jane Nelson, Chair, Senate Committee on Finance

**FROM:** Ursula Parks, Director, Legislative Budget Board

**IN RE: HB2083** by Darby (Relating to the determination of the appraised value of property for purposes of an ad valorem tax protest or appeal.), **As Engrossed**

**Passage of the bill would require that generally accepted appraisal methods and techniques be used in an inequality of appraisal protest. This higher evidentiary standard could mean that fewer unequal appraisal protests or appeals would be determined in favor of the taxpayer, resulting in a gain to the state through the operation of the school funding formula. The provision permitting a property owner representing themselves to offer opinion, argument, and evidence without following the bill's proposed evidentiary standard would, to an unknown extent, offset the gain provided by the evidentiary standard.**

The bill would amend Chapter 23 of the Tax Code, regarding appraisal methods and procedures, to require the selection and adjustment of comparable properties to be based on generally accepted appraisal methods and techniques in determining the appraised value of a property in certain property tax unequal appraisal protests to the appraisal review board and appeals to district court. The bill provides that adjustments must be based on recognized methods and techniques that are necessary to produce a credible opinion.

Notwithstanding the provisions above, the bill would permit a property owner representing themselves to offer an opinion of, and present argument and evidence related to, the market and appraised value or the inequality of appraisal of the owner's property.

The bill's requirement that generally accepted appraisal methods and techniques be used in an inequality of appraisal protest of the value of a property to the appraisal review board or an appeal of the value in district court provides a higher standard for evidence in the protest or appeal. This higher evidentiary standard could mean that fewer unequal appraisal protests or appeals would be determined in favor of the taxpayer, resulting in a gain to local taxing units and to the state through the operation of the school funding formula.

The provision permitting a property owner representing themselves to offer opinion, argument, and evidence without following the bill's proposed evidentiary standard would, to an unknown extent, offset the gain provided by the evidentiary standard. The change in the number of appraisal review board protests or district court appeals that would be decided in favor of the taxpayer cannot be predicted so the fiscal impact cannot be estimated.

The bill would take effect January 1, 2016.

**Local Government Impact**

Passage of the bill would require that generally accepted appraisal methods and techniques be used in an inequality of appraisal protest. This higher evidentiary standard could mean that fewer unequal appraisal protests or appeals would be determined in favor of the taxpayer, resulting in a gain to local taxing units. The provision permitting a property owner representing themselves to offer opinion, argument, and evidence without following the bill's proposed evidentiary standard would, to an unknown extent, offset the gain provided by the evidentiary standard.

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

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