

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

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

**April 23, 2015**

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

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

**IN RE: SB593** by Watson (relating to pretrial settlement discussions during a judicial appeal of certain ad valorem tax determinations and the effect of certain pretrial settlement offers on the calculation of an award of attorney 's fees in such an appeal.), **Committee Report 1st House, Substituted**

**No fiscal implication to the State is anticipated.**

The bill would amend Chapter 42 of the Tax Code, regarding judicial review of property tax cases, to require a court to order the parties to an appeal to engage in settlement discussions before a trial begins on motion of a party to an appeal for which a discovery request to designate one or more expert witnesses is made. The motion must be made not later than the 210th day before the date the discovery period in the appeal ends. If a motion is made, the court must order the settlement discussions to be conducted not later than the 90th day after the date the motion is made.

The bill provides that if an appraisal district or a chief appraiser made a written settlement offer to the property owner on or before the 45th day before the date the trial began, and a record of the offer was submitted to the court, a specified procedure would be used for calculating the reduction in a property owner's tax liability for purposes of determining the cap on attorney fees. The bill provides that this reduction would be computed by subtracting the property owner's tax liability resulting from the court's final determination of the suit from the property owner's tax liability that would have resulted had the property owner accepted the most recent qualified settlement offer. This may not be construed to preclude a provision that waives attorney's fees or a refund of interest from being included in settlement offer.

In certain instances the bill's calculation of the reduction of the taxpayer tax liability based on the settlement offer rather than on a higher taxable value would result in savings related to attorney's fees. These savings could reduce costs for taxing units that pay for the appraisal district's budget. The number of cases in which this provision would apply, and the amount of savings generated are unknown; consequently, the gain to the affected taxing units cannot be estimated.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2015.

## **Local Government Impact**

In certain instances the bill's calculation of the reduction of the taxpayer tax liability based on the settlement offer rather than on a higher taxable value would result in savings related to attorney's fees. These savings could reduce costs for the taxing units that pay for the appraisal district's budget.

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

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