

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 2, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB773 by Hancock (Relating to the requirement a protest or appeal based upon inequality of appraisal be determined by the application of generally accepted appraisal methods and techniques.), **As Introduced**

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 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'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 reduction 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 gain cannot be estimated.

This 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.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, SJS, KK, SD