

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 12, 2015

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB849 by Bettencourt (Relating to access to and fees associated with binding arbitration of appraisal review board orders.), **As Introduced**

Passage of the bill would increase the value of the properties allowed to go to binding arbitration and would increase the number of binding arbitrations; however, the bill would not affect taxable property values, tax rates, collection rates, or any other variable which might affect the cost to the state through the operation of the school funding formula.

The bill would amend Section 41A.01 of the Tax Code, relating to the right of appeal by a property owner, to modify one of the types of properties for which an owner may appeal certain appraisal review board orders by binding arbitration to properties with the appraised or market value of \$3 million or less, rather than \$1 million or less.

The bill would amend Section 41A.03 of the Tax Code to modify the deposit amount required to file for binding arbitration from \$500 to specified amounts depending on whether the property qualifies as a residence homestead under Section 11.13 of the Tax Code and depending on the property value as determined by the appraisal review order. The deposit amount would range from \$450 to \$500 for those properties that qualify as a residence homestead under Section 11.13 of the Tax Code, depending on whether the value of the homestead is \$500,000 or more. For those properties that do not qualify as a residence homestead under Section 11.13 of the Tax Code, the deposit amount would range from \$500 to \$1,050, depending on the value of the property.

The bill would modify the amount of the deposit the Comptroller may retain to cover administrative costs to \$50, rather than an amount equal to 10 percent of the deposit. The bill provides that an arbitrator must agree to conduct arbitrations for a fee of not more than the specified deposits minus the Comptroller administrative fee.

The bill's provision to increase the value of the properties allowed to go to binding arbitration will increase the number of binding arbitrations; however, the bill would not affect taxable property values, tax rates, collection rates, or any other variable which might affect the revenues of units of local governments or the state.

The bill would take effect September 1, 2015.

Local Government Impact

The bill's provision to increase the value of the properties allowed to go to binding arbitration will

increase the number of binding arbitrations; however, the bill would not affect taxable property values, tax rates, collection rates, or any other variable which might affect the revenues of units of local governments.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS