

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

**FISCAL NOTE, 85TH LEGISLATURE 1st CALLED SESSION - 2017**

**July 24, 2017**

**TO:** Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

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

**IN RE: HB192** by King, Phil (Relating to the authority of the chief appraiser of an appraisal district to increase the appraised value of property in the tax year following the year in which the appraised value of the property is lowered as a result of a protest or appeal.), **As Introduced**

**Passage of the bill would increase the burden from substantial evidence to clear and convincing evidence for chief appraisers to increase the appraised value of a property if in the previous year the value was lowered by the appraisal review board or in an appeal. To the extent to which this burden would not be met, taxable property values could be reduced and the related costs to the Foundation School Fund could be increased through the operation of the school finance formulas.**

The bill would amend Chapter 23 of the Tax Code, regarding appraisal methods and procedures, to require that if the appraised value of property in a tax year is lowered in an appraisal review board protest or a court appeal, in the following tax year the chief appraiser may not increase the appraised value of the property unless the increase by the chief appraiser is reasonably supported by clear and convincing (rather than substantial) evidence when all of the reliable and probative evidence in the record is considered as a whole.

The bill increases the burden from substantial evidence to clear and convincing evidence for chief appraisers to increase the appraised value of a property if in the previous year the value was lowered by the appraisal review board or in an appeal. In some instances, chief appraisers will not be able to meet this higher burden, decreasing the appraised value of these properties. The extent to which this burden will not be met and the value of these properties are unknown. Consequently, the cost to local taxing units and to the state through the school funding formula cannot be estimated.

The bill would take effect January 1, 2018.

**Local Government Impact**

Passage of the bill would increase the burden from substantial evidence to clear and convincing evidence for chief appraisers to increase the appraised value of a property if in the previous year the value was lowered by the appraisal review board or in an appeal. To the extent to which this burden would not be met, taxable property values and the related ad valorem tax revenue for units of local government could be reduced.

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

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