

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 17, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2653 by Geren (Relating to the authority of a district court to hear and determine certain ad valorem tax appeals.), **As Introduced**

Passage of the bill would permit appraisal review board or court determinations on certain protests, motions and appeals related to jurisdiction that would not be permitted under current law. As a result, 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 to the extent that the resulting determinations result in taxable value reductions.

The bill would amend Chapter 42 of the Tax Code, regarding judicial property tax review, to include with the appraisal review board determinations that a taxpayer is entitled to appeal to court, a determination that the appraisal review board lacks jurisdiction to finally determine a protest by the property owner, or a motion filed by the property owner because the property owner failed to comply with certain related requirements.

A property owner who establishes that the appraisal review board had jurisdiction to issue a final determination of a protest or an appraisal records correction motion would be entitled to a final determination by the court of the protest or motion. A final determination of a protest would be permitted on any ground of protest authorized by law regardless of whether the property owner included the ground in the notice of protest.

In an appeal regarding an appraisal review board protest or an appraisal records correction motion, if a plea to the jurisdiction is filed on the basis that the property owner failed to exhaust the owner's administrative remedies, the court may, in lieu of dismissing the appeal for lack of jurisdiction, remand the action to the appraisal review board with instructions to allow the property owner an opportunity to cure the property owner's failure to exhaust administrative remedies. The bill would provide procedures related to a remanded appraisal review board protest or motion and, if the determination related to the remanded action is appealed, would prohibit a plea to the jurisdiction on the basis of the property owner's failure to exhaust administrative remedies. The parties would be permitted, with the court's approval, to waive remand of the action and elect that the court determine the appeal on the merits, in which case each party would be considered to have exhausted their administrative remedies.

The bill would permit appraisal review board or court determinations on certain protests, motions and appeals related to jurisdiction that would not be permitted under current law. To the extent that the resulting determinations result in taxable value reductions, the bill would create a cost to local taxing units and the state through the school finance formulas. The value loss to the future determinations in favor of the taxpayer is unknown; consequently, the cost of the bill cannot be

estimated.

The bill would take effect on September 1, 2017.

Local Government Impact

Passage of the bill would permit appraisal review board or court determinations on certain protests, motions and appeals related to jurisdiction that would not be permitted under current law. As a result, taxable property values and the related ad valorem tax revenue for units of local government could be reduced to the extent that the resulting determinations result in taxable value reductions.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS