

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 13, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB731 by Bettencourt (Relating to the appeal through binding arbitration of certain appraisal review board orders.), **As Introduced**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend Chapter 41A of the Tax Code, regarding property tax appeal through binding arbitration, to increase the appraised or market value, as applicable, of a property for which the owner is entitled to appeal through binding arbitration from \$3 million or less to \$5 million or less. The arbitration deposit would be increased to \$1,550 and the arbitration fee would be increased to \$1,500 for a non-residence homestead property valued at more than \$3 million but not more than \$5 million.

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 Comptroller's office indicates that the bill would result in administrative costs totaling \$50,000 per year. The administrative cost includes \$50,000 to employ seasonal workers to input binding arbitration information during peak periods. The Property Tax Assistance Division experienced a 400 percent increase in binding arbitration requests from 2015 to 2016, prompting the need for seasonal staff. The Comptroller's office anticipates requests to continue to grow, in part due to the increased eligibility limit for binding arbitration.

The bill would take effect on September 1, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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