

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 11, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1286 by Bettencourt (relating to the system for protesting or appealing certain ad valorem tax determinations.), **Committee Report 1st House, Substituted**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 41 of the Tax Code, regarding local property tax review. Current law requires a chief appraiser and a property owner, before a hearing on a protest, to provide each other a copy of any written material, or material preserved on a portable device, that the person intends to offer or submit to the appraisal review board at the hearing (exchanged material). The bill would require each person to provide the exchanged material in the manner and form prescribed by Comptroller rule. Current law requires a chief appraiser to provide certain audiovisual equipment to a property owner for use at a hearing. The bill would require that the audiovisual equipment be provided as prescribed by Comptroller rule.

The Comptroller would be required to prescribe by rule:

1. the manner and form, including security requirements, in which a person must provide a copy of the exchanged material, and which allow the appraisal review board to retain the material as part of the board's hearing record; and
2. specifications for the audiovisual equipment provided by an appraisal district for use at a hearing by a property owner or the owner's agent.

The Comptroller would be required to adopt the rules not later than January 1, 2018, and the changes proposed by the bill regarding exchanged material and audiovisual equipment would apply only to a protest filed on or after that date.

The bill would amend Chapter 41A of the Tax Code, regarding appeals through binding arbitration, to require the Comptroller to remove a person from the arbitrator registry if the Comptroller determines by clear and convincing evidence that there is good cause to remove the person, including evidence of repeated bias or misconduct by the person while acting as an arbitrator.

The Comptroller would be required to, on receipt from an appraisal district of a property owner's request for binding arbitration with deposit, appoint an eligible arbitrator who is listed in the Comptroller's registry, and send notice to the appointed arbitrator requesting the individual to conduct the arbitration hearing. Existing language regarding the selection of arbitrators would be deleted. The bill would establish residency and eligibility requirements for arbitrators. The Comptroller would be prohibited from appointing an arbitrator if the Comptroller determines that there is good cause not to appoint the arbitrator, including information or evidence indicating

repeated bias or misconduct by the person while acting as arbitrator.

The changes proposed by the bill regarding the removal and appointment of arbitrators would apply only to a request for binding arbitration received by the Comptroller on or after the bill's effective date.

The bill would make conforming repeals.

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, 2017.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS