

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

**FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION**

**March 31, 2017**

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

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

**IN RE:** SB1767 by Buckingham (Relating to hearings and protests before appraisal review boards involving ad valorem tax determinations.), **As Introduced**

**Passage of the bill would prohibit an appraisal review board from determining the appraised value of a protested property to be an amount greater than the appraised value of the property as shown in the appraisal records unless agreed to by the parties to the protest. 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.**

The bill would amend Chapter 41 of the Tax Code, regarding local review, to prohibit an appraisal review board from determining the appraised value of a protested property to be an amount greater than the appraised value of the property as shown in the appraisal records submitted to the board by the chief appraiser unless agreed to by the parties to the protest. The bill would amend Chapter 25 of the Tax Code, local appraisal, and Chapter 41 of the Tax Code, regarding local review, to entitle a property owner to elect to present evidence and argument at an appraisal roll correction hearing before, after, or between the cases presented by the chief appraiser and each taxing unit and to entitle a property owner to elect to present the owner's case at a protest hearing either before or after the appraisal district.

The bill's provision that would prohibit an appraisal review board from determining the appraised value of a protested property to be an amount greater than the appraised value of the property as shown in the appraisal records unless agreed to by the parties to the protest could create a cost to local taxing units and to the state through the school funding formulas. Currently, an appraisal review board may increase, decrease, or make no change to a property's appraised value. Because information on the number of properties for which the value is increased by an appraisal review board is unknown, the cost cannot be estimated.

The bill would be effective January 1, 2018.

**Local Government Impact**

Passage of the bill would prohibit an appraisal review board from determining the appraised value of a protested property to be an amount greater than the appraised value of the property as shown in the appraisal records unless agreed to by the parties to the protest. As a result, 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, SD, SJS