

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

April 20, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1848 by Bettencourt (Relating to the award of attorney's fees in a judicial appeal of certain ad valorem tax determinations.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 42 of the Tax Code, regarding judicial property tax review, to require the Comptroller to determine, on January 1 of each odd-numbered year, the amount of specified attorney's fees by increasing or decreasing the fees by the percentage change in the consumer price index for the period beginning September 1, 2017, and ending on the September 1 preceding the date of the determination, rounded to the nearest \$1,000. The attorney's fees would apply to an award in certain specified property tax appeals that are filed on or after the date the attorney's fee determination is made until the next January 1 on which an attorney's fee determination is made. The Comptroller would be required to publish the attorney's fees in the Texas Register and would be permitted to adopt rules related to making the attorney's fee determination. The Comptroller's determination would be final and not subject to appeal.

The bill would provide that the award of attorney's fees to a property owner who prevails in a court appeal regarding property value, unequal appraisal, an error correction motion, or the denial of specified exemptions may not exceed the greater of:

1. \$27,000 or, if applicable, the adjusted attorney's fees determined by the Comptroller (rather than \$15,000); or
2. an amount equal to 20 percent of the total amount by which the property owner's tax liability is reduced as a result of the appeal, but not to exceed \$153,000 or, if applicable, the adjusted attorney's fee determined by the Comptroller (rather than not to exceed the lesser of \$100,000 or the total amount by which the property owner's tax liability is reduced as a result of the appeal).

To the extent that appraisal districts lose property tax cases in court, the bill's proposed increase in attorney's fees due to the prevailing property owner would create a cost to local taxing units. The amount of taxable value that will be lost in future property tax court cases, and the number of such cases to which the increased attorney's fees would apply is unknown; consequently, the cost of the bill to local taxing units cannot be estimated. The bill would not affect taxable property values, tax rates, collection rates, or any other variable which might affect the revenues of the state.

The bill would take effect September 1, 2017.

Local Government Impact

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Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS