

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 8, 2019

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Property Tax

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB1313 by King, Phil (Relating to the authority of the chief appraiser of an appraisal district to increase the appraised value of property in the tax year following the year in which the appraised value of the property is lowered as a result of a protest or appeal.), **As Engrossed**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 23 of the Tax Code, regarding appraisal methods and procedures, to increase the burden of proof from substantial evidence to clear and convincing evidence if the value was lowered under Subtitle F of Chapter 23, relating to remedies, in the prior year and the chief appraiser proposes to raise the value in the next tax year in which the property is appraised.

Increasing the standard of evidence from substantial to clear and convincing on increases in the appraised value of a property if the appraised value was lowered in the preceding year would increase the burden of proof and limit increases in appraised values resulting in a cost to local taxing units, and to the state through the school funding formulas. Current law specifying the evidence required by the chief appraiser to meet the burden of proof in an appraisal review board protest or district court appeal would not be changed under the bill. Consequently, although the value of properties that would be affected is unknown, the cost is not expected to be significant.

Note: All taxable property is appraised on January 1 each year under Section 23.01 of the Tax Code. Property could be considered to be appraised, however, only in a year in which the property was reappraised as provided under Section 25.18 of the Tax Code, regarding periodic reappraisals. Consequently, some appraisal districts may interpret the bill's provision that, after an appraised value was lowered, an increased burden of proof applies in the next tax year in which the property is appraised to mean the next year only, and other appraisal districts may interpret it to mean only a year in which it is reappraised under Section 25.18.

The bill would take effect January 1, 2020.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SJS