

BILL ANALYSIS

Senate Research Center
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S.B. 2355
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Statute currently requires a property owner seeking to appeal an appraisal review board (ARB) order through binding arbitration to file the request and required deposit with the appraisal district. The request process is entirely paper-driven and relies on manual processing of applications, which can slow down processing times and draws out the timeline for arbitrators to be assigned.

The office of the Comptroller of Public Accounts is currently working on developing an online arbitration system that will modernize the arbitration request process. S.B. 2355 revises key statutory provisions to allow the comptroller's office to more easily implement the online arbitration system and streamline the arbitration process for property owners and agents.

S.B. 2355 removes the requirement that a request for binding arbitration and required deposit be filed with the appraisal district. Instead, property owners (or their agents) will be able to file a request for binding arbitration directly with the comptroller's office. Property owners who submit an online arbitration application, will also pay the required deposit electronically. Property owners who still desire to file a paper application and to pay the deposit by check or money order will still be able to do so.

S.B. 2355 also allows a property owner to assign a refund of the arbitration deposit to an authorized agent or other entity. Currently a property owner can indicate that a refund should go to their authorized agent, however they are unable to make the refund payable to an entity.

S.B. 2355 codifies current administrative rule that requires the designation of an agent by a property owner to represent them in an arbitration be made by written authorization. An authorized agent will now be required to maintain the authorization and immediately provide it to an appraisal district, appraisal review board, arbitrator, or the comptroller's office upon request. This ensures that if an agent files an arbitration request online they have secured the approval of the property owner to represent them.

S.B. 2355 will modernize the arbitration application process. Property owners and tax agents will be able to apply online instead of having to send in a paper application.

S.B. 2355 will speed up the assignment of arbitrators to cases. Because the current paper applications must be processed individually, there is usually a several month backlog of pending unprocessed arbitration applications.

As proposed, S.B. 2355 amends current law relating to the appeal of certain ad valorem tax determinations through binding arbitration.

RULEMAKING AUTHORITY

Rulemaking authority previously granted to the Comptroller of Public Accounts of the State of Texas is modified in SECTION 2 (Section 41A.04, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 41A.03, Tax Code, by amending Subsection (a) and adding Subsections (c) and (d), as follows:

(a) Requires a property owner, to appeal an appraisal review board order under Chapter 41A (Appeal Through Binding Arbitration), to file with the Comptroller of Public Accounts of the State of Texas (comptroller), rather than the appraisal district, not later than the 60th day after the date the property owner receives notice of the order:

(1) makes no changes to this subdivision; and

(2) an arbitration deposit, rather than arbitration deposit made payable to the comptroller, in certain amounts.

(c) Requires a property owner to pay the arbitration deposit required by Subsection (a) through the electronic system if the property owner files a request for binding arbitration through an electronic system.

(d) Requires a property owner to pay the arbitration deposit required by Subsection (a) by check or money order made payable to the comptroller or by another form of payment acceptable to the comptroller if the property owner does not file a request for binding arbitration through an electronic system.

SECTION 2. Amends Section 41A.04, Tax Code, as follows:

Sec. 41A.04. CONTENTS OF REQUEST FORM. Requires that the form require the property owner to provide only:

(1)-(2) makes no changes to these subdivisions; and

(3) any other information reasonably necessary for the comptroller to process the request and appoint an arbitrator, rather than any other information reasonably necessary for the appraisal district to request appointment of an arbitrator.

SECTION 3. Amends Section 41A.05(a), Tax Code, as follows:

(a) Requires the appraisal district, not later than the 10th day after the date an appraisal district receives notification that a request for binding arbitration has been filed, to provide to the comptroller, in the manner prescribed by the comptroller, any information reasonably necessary for the comptroller to process the request and appoint an arbitrator. Deletes existing text requiring the appraisal district, not later than the 10th day after the date an appraisal district receives from a property owner a completed request for binding arbitration under this chapter and an arbitration deposit as required by Section 41A.03 (Request for Arbitration), to submit the request and deposit to the comptroller and to request the comptroller to appoint a qualified arbitrator to conduct the arbitration.

SECTION 4. Amends Section 41A.08, Tax Code, by adding Subsections (c), (d), and (e), as follows:

(c) Requires that the designation of an agent by a property owner under Section 41A.08 (Notice and Hearing; Representation of Parties) be made by written authorization on a form prescribed by the comptroller and signed by the property owner or an authorized individual other than an agent designated under Section 1.111 (Representation of Property Owner). Requires that the designation authorize the agent to represent the owner in an arbitration proceeding under this chapter. Provides that the designation takes effect when the property owner or authorized individual signs the form.

(d) Requires a property owner's agent to retain the form described by Subsection (c) and to produce the form immediately upon request from:

- (1) the property owner or authorized individual described by Subsection (c);
- (2) the appraisal district that is party to the arbitration under this chapter;
- (3) the appraisal review board that is party to the arbitration under this chapter;
- (4) the arbitrator assigned to the arbitration under this chapter; or
- (5) the comptroller.

(e) Authorizes a property owner to assign to an agent or entity the property owner's right to receive a refund of an arbitration deposit, notwithstanding any other law. Requires that an assignment under this subsection be made in writing on a form prescribed by the comptroller.

SECTION 5. Amends Section 41A.11, Tax Code, as follows:

Sec. 41A.11. POSTAPPEAL ADMINISTRATIVE PROCEDURES. Provides that an arbitration award or settlement reached between the parties to an arbitration under this chapter is considered to be a final determination of an appeal for purposes of Subchapter C (Postappeal Administrative Procedures), Chapter 42.

SECTION 6. Makes application of this Act prospective.

SECTION 7. Effective date: January 1, 2024.