

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 24, 2023

TO: Honorable Dade Phelan, Speaker of the House, House of Representatives

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2488 by Geren (Relating to the burden of proof in certain ad valorem tax appeals.), **As Passed 2nd House**

Passage of the bill would place the burden of proof on the chief appraiser in an appeal of an order of an appraisal review board involving an increase in the appraised value of property if the value of the property in the preceding year was determined at a trial held on the merits. 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 42 of the Property Tax Code, regarding Judicial Review, to add that in an appeal of an order of an appraisal review board (ARB) determining a protest or a motion, involving an increase in the appraised value of property, the appraisal district has the burden of establishing the appraised value of property subject to the appeal by clear and convincing evidence if the appraised value of the property in the preceding year was determined at a trial on the merits. As a result, appraised value could decrease. However, the frequency and amount of taxable property value lost resulting from such outcomes are unknown; as such, the fiscal impact cannot be determined.

Local Government Impact

Passage of the bill would place the burden of proof on the chief appraiser in an appeal of an order of an ARB involving an increase in the appraised value of the property if the value of the property in the preceding year was determined at a trial held on the merits. As a result, taxable property values for local governments could be reduced. However, the no-new-revenue and voter-approval tax rates as provided by Section 26.04, Tax Code could be higher as a consequence of the reduced taxable value.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, AF, BRI, KK, SD