

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 2, 2023

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3364 by Button (relating to the system for appraising property for ad valorem tax purposes.),
Committee Report 1st House, Substituted

Estimated Two-year Net Impact to General Revenue Related Funds for HB3364, Committee Report 1st House, Substituted : a negative impact of (\$611,000) through the biennium ending August 31, 2025.

General Revenue-Related Funds, Five- Year Impact:

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2024	(\$318,000)
2025	(\$293,000)
2026	(\$293,000)
2027	(\$293,000)
2028	(\$293,000)

All Funds, Five-Year Impact:

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2023</i>
2024	(\$318,000)	4.0
2025	(\$293,000)	4.0
2026	(\$293,000)	4.0
2027	(\$293,000)	4.0
2028	(\$293,000)	4.0

Fiscal Analysis

The bill would amend Chapter 1 of the Tax Code, relating to General Provisions, to require that a notice regarding property not on the appraisal roll in the preceding year due to omission must be sent by certified mail.

The bill would remove the requirement that a designation of agent form sent electronically contain the internet protocol address of the computer the person used to complete the form.

The bill would amend Chapter 5 of the Tax Code, relating to State Administration, to require that at least one trainer for each appraisal review board (ARB) member course must be a taxpayer representative. The bill would provide trainer qualification criteria.

The bill would amend Chapter 6 and 25, relating to Local Appraisal, to require an appraisal district located in a county with a population of 120,000 or more to maintain an Internet website and post the district's appraisal records. The bill requires the website to be continuously updated to include any change in the appraised value of property.

The bill would amend Chapter 41 to reduce the notice a property owner is required to give to attend a protest meeting via teleconference or videoconference from the 10th to the 5th day before the hearing date. The bill would further require the ARB to notify a property owner of its decision to dismiss a protest on jurisdictional grounds by written order and to state in the order the grounds for its determination. The bill increases the time required for the ARB to give notice of a good cause hearing for issuance of a subpoena from 5 to 15 days before the hearing date.

The bill would amend Chapter 41A of the Tax Code, relating to Appeal through Binding Arbitration, to allow a person leasing property who is contractually obligated to reimburse the property owner for property taxes to file an appeal of an ARB determination of a protest through binding arbitration under certain circumstances. The Comptroller must deliver a copy of any notice relating to an appeal to both the property owner and the person appealing. The bill expands the reasons for which a property owner who filed a protest may request limited binding arbitration to compel the ARB or chief appraiser to comply with hearing procedures adopted by the ARB and rescind procedural rules not in compliance with the Comptroller's model hearing procedures or for protests on the grounds of unequal property appraisal to require the use of appraised values of comparable properties as corrected by an agreement between the property owner or the owner's agent and the chief appraiser or an ARB determination.

The bill would amend Chapter 42 of the Tax Code, relating to Judicial Review, to add the district court cannot order discovery unless the discovery is requested by a party to the appeal. It cannot impose deadlines for discovery related to an expert witness, including deadlines for designating an expert witness, that fall before the deadlines specified by the Texas Rules of Civil Procedure or otherwise accelerate discovery related to an expert witness, unless agreed to by the parties.

Methodology

The Comptroller's office anticipates administrative costs associated with implementing the provisions of the bill. The administrative cost estimate includes the salary and benefit costs for four Program Specialist IIIs, as well as the expected costs for travel and professional services. The FTEs would assist with the additional requests for regular and limited binding arbitration and the anticipated appeals, since this bill would expand who and the reasons for which a property owner may file for a binding arbitration. The agency cost estimate also includes a one-time contracting cost of \$25,000 in fiscal 2024 to assist with updating arbitrator training materials, and ongoing contracting costs of \$55,000 each year to secure outside consultant services needed to implement the provisions of this bill.

Local Government Impact

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

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD, BRI