

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

April 9, 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.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3364, As Introduced : a negative impact of (\$938,800) 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	(\$471,000)
2025	(\$467,800)
2026	(\$467,800)
2027	(\$467,800)
2028	(\$467,800)

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	(\$471,000)	5.0
2025	(\$467,800)	5.0
2026	(\$467,800)	5.0
2027	(\$467,800)	5.0
2028	(\$467,800)	5.0

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 increase the training requirement for new appraisal review board (ARB) members from eight to ten hours. Additionally, the continuing education requirement for returning ARB members would increase from four to six hours. The bill adds a requirement that at least one trainer for each course must be a taxpayer representative.

The bill would amend Chapter 6 of the Tax Code, relating to Local Administration, to reduce the number of terms a member of the board of directors may serve from five to three terms.

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 or the agent who failed to attend a protest hearing of the board's dismissal of the protest in writing by the 30th day after the scheduled hearing date. The bill increases the time required to give notice of a good cause hearing for issuance of a subpoena from 5 to 15 days.

The bill would 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 chief appraiser must deliver a copy of any notice relating to an appeal to both the property owner and the person appealing an order. 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 procedural requirements to include compliance with the Comptroller's model hearing procedures or to require the use of correct appraised values for protests on the grounds of unequal property appraisal.

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 five Program Specialist IIIs, as well as the expected costs for travel and professional services. The requirement that a taxpayer representative instruct a portion of the training would require outside consultant services, and one FTE would be required to assist with creating, developing, and delivering the additional half-day of Appraisal Review Board (ARB) training. The remaining requested FTEs would be needed to assist with the estimated 600 additional requests for limited binding arbitration and the anticipated appeals, since this bill would expand the reasons for which a property owner may file for a limited finding arbitration. The agency cost estimate also includes a one-time contracting cost of \$25,000 in the first fiscal year to assist with updating arbitrator training materials and the funds 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