

SENATE AMENDMENTS

2nd Printing

By: Geren, Metcalf, Thierry,
A. Johnson of Harris, et al.

H.B. No. 2488

A BILL TO BE ENTITLED

AN ACT

relating to the burden of proof in certain ad valorem tax appeals.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 42.23, Tax Code, is amended by adding Subsection (i) to read as follows:

(i) This subsection applies only to an appeal under this chapter of an order of an appraisal review board determining a protest under Subchapter C, Chapter 41, or a motion under Section 25.25, involving an increase in the appraised value of property under the circumstances described by Section 23.01(e) or 41.43(a-3). The appraisal district has the burden of establishing the appraised value of the property subject to the appeal by clear and convincing evidence.

SECTION 2. The change in law made by this Act applies only to an appeal filed under Chapter 42, Tax Code, on or after the effective date of this Act.

SECTION 3. This Act takes effect September 1, 2023.

By: Carl Allen

ADOPTED

MAY 23 2023

Substitute the following for

.B. No.

By:

[Signature]

Lacey Law
Secretary of the Senate

C.S. H.B. No. 2488

A BILL TO BE ENTITLED

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SECTION 1. Section 42.23, Tax Code, is amended by adding Subsection (i) to read as follows:

(i) This subsection applies only to an appeal under this chapter of an order of an appraisal review board determining a protest under Subchapter C, Chapter 41, or a motion under Section 25.25, involving an increase in the appraised value of property under the circumstances described by Section 23.01(e) or 41.43(a-3). The appraisal district has the burden of establishing the appraised value of the property subject to the appeal by clear and convincing evidence if the appraised value of the property for the preceding tax year was determined under this chapter at a trial held on the merits.

SECTION 2. The change in law made by this Act applies only to an appeal filed under Chapter 42, Tax Code, on or after the effective date of this Act.

SECTION 3. This Act takes effect September 1, 2023.

ADOPTED

MAY 23 2023

FLOOR AMENDMENT NO. 1

Lately Spaw
Secretary of the Senate

BY:

Carl Allen

1 Amend C.S.H.B. No. 2488 (senate committee printing) in
2 SECTION 1 of the bill, in added Section 42.23(i), Tax Code (page 1,
3 line 34), by striking "held".

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 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

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 20, 2023

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2188 by Geren (relating to the burden of proof in certain ad valorem tax appeals.), **Committee Report 2nd House, Substituted**

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 held 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

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

May 6, 2023

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

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 Engrossed**

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. 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. As a result, appraised value could decrease. However, the frequency and amount of tax levy lost resulting from such outcomes are unknown; as such, the fiscal impact on the state and units of local government 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. 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, KK, SD, BRI

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: HB2488 by Geren (relating to the burden of proof in certain ad valorem tax appeals.), **Committee Report 1st House, Substituted**

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. 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. As a result, appraised value could decrease.

However, the frequency and amount of tax levy lost resulting from such outcomes are unknown; as such, the fiscal impact on the state and units of local government 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. 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, KK, SD, BRI

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 88TH LEGISLATIVE REGULAR SESSION

March 26, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2488 by Geren (Relating to the burden of proof in a trial de novo appeal of the appraised value of property.), **As Introduced**

Passage of the bill would place the burden of proof on the chief appraiser in a trial de novo appeal. 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, relating to Judicial Review, to add that in a trial de novo appeal, the chief appraiser and appraisal district carry the burden of proof to support increasing the appraised value of property if the value of the property subject to the appeal was lowered in the preceding year.

The bill would amend Chapter 23 of the Property Tax Code, relating to Appraisal Methods and Procedures, to prevent the appraisal review board, in addition to the chief appraiser, from increasing the appraised value of a property in a year following the year in which it was lowered under a protest or appeal unless clear and convincing evidence supports the increase.

The bill would shift the burden of proof in a trial de novo appeal and could potentially lead to lower appraisal values. However, the amount of tax levy lost resulting from such an appeal and frequency of these trials are unknown, thus the fiscal impact on the state and units of local government cannot be determined.

Local Government Impact

Passage of the bill would place the burden of proof on the chief appraiser in a trial de novo appeal. 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, KK, SD, BRI

LEGISLATIVE BUDGET BOARD

Austin, Texas

TAX/FEE EQUITY 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: HB2488 by Geren (relating to the burden of proof in certain ad valorem tax appeals.), **Committee Report 1st House, Substituted**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

Source

Agencies:

LBB Staff: JMc, KK

LEGISLATIVE BUDGET BOARD

Austin, Texas

TAX/FEE EQUITY NOTE

88TH LEGISLATIVE REGULAR SESSION

March 26, 2023

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB2488 by Geren (Relating to the burden of proof in a trial de novo appeal of the appraised value of property.), **As Introduced**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

Source

Agencies:

LBB Staff: JMc, KK