

BILL ANALYSIS

S.B. 849
By: Bettencourt
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties observe that currently only property owners of residence homesteads and non-homestead properties worth \$1 million or less may appeal an appraisal review board ruling through arbitration. Moreover, the parties note that the property owner must pay a \$500 arbitration deposit, which is returned if the owner prevails in the protest. There are concerns that such requirements impede certain property owners from taking their property tax protests to binding arbitration. S.B. 849 seeks to address these concerns and allow more property owners to take their property tax protests to binding arbitration.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 849 amends the Tax Code, for purposes of one of the conditions entitling a property owner to appeal through binding arbitration an appraisal review board order determining a protest concerning the appraised or market value of the property, to increase the appraised or market value of the property that triggers such entitlement from a value capped at \$1 million to a value capped at \$3 million.

S.B. 849 changes the required arbitration deposit for an appeal of an appraisal review board order through binding arbitration from a set amount of \$500 to differential amounts as follows:

- \$450, if the property qualifies as the owner's residence homestead and the appraised or market value, as applicable, of the property is \$500,000 or less, as determined by the order;
- \$500, if the property qualifies as the owner's residence homestead and the appraised or market value, as applicable, of the property is more than \$500,000, as determined by the order;
- \$500, if the property does not qualify as the owner's residence homestead and the appraised or market value, as applicable, of the property is \$1 million or less, as determined by the order;
- \$800, if the property does not qualify as the owner's residence homestead and the appraised or market value, as applicable, of the property is more than \$1 million but not more than \$2 million, as determined by the order; or

- \$1,050, if the property does not qualify as the owner's residence homestead and the appraised or market value, as applicable, of the property is more than \$2 million but not more than \$3 million, as determined by the order.

S.B. 849 changes the amount of the arbitration deposit that the comptroller of public accounts is authorized to retain to cover the comptroller's administrative costs from an amount equal to 10 percent of the deposit to a set amount of \$50.

S.B. 849 changes the cap on the arbitration fee that a person is required to agree to in order to initially qualify to serve as an arbitrator from not more than 90 percent of the amount of the arbitration deposit to differential caps as follows:

- \$400, if the property qualifies as the owner's residence homestead and the appraised or market value, as applicable, of the property is \$500,000 or less, as determined by the order;
- \$450, if the property qualifies as the owner's residence homestead and the appraised or market value, as applicable, of the property is more than \$500,000, as determined by the order;
- \$450, if the property does not qualify as the owner's residence homestead and the appraised or market value, as applicable, of the property is \$1 million or less, as determined by the order;
- \$750, if the property does not qualify as the owner's residence homestead and the appraised or market value, as applicable, of the property is more than \$1 million but not more than \$2 million, as determined by the order; or
- \$1,000, if the property does not qualify as the owner's residence homestead and the appraised or market value, as applicable, of the property is more than \$2 million but not more than \$3 million, as determined by the order.

EFFECTIVE DATE

September 1, 2015.