

SUBJECT: Allowing parties to property tax appeals to request settlement discussions

COMMITTEE: Ways and Means — committee substitute recommended

VOTE: 7 ayes — D. Bonnen, Button, Martinez Fischer, Murphy, Springer,
C. Turner, Wray

0 nays

4 absent — Y. Davis, Bohac, Darby, Parker

SENATE VOTE: On final passage, May 4 — 29-1-1 (Huffines, nay; Bettencourt, present,
not voting)

WITNESSES: For — James Popp, Popp Hutcheson PLLC; (*Registered, but did not testify*: Dick Lavine, Center for Public Policy Priorities; Jim Allison, County Judges and Commissioners Association of Texas; Charles Reed, Dallas County Commissioners Court; Daniel Gonzalez, Texas Association of Realtors; Brent South, Texas Association of Appraisal Districts; Dominic Giarratani, Texas Association of School Boards; Brian Sullivan, Texas Hotel and Lodging Association; Marya Crigler, Travis Central Appraisal District; Conrad John, Travis County Commissioners Court; Roger Harmon)

Against — David Kaplan, Geary, Porter and Donovan law firm; Gavin McBryde, Texas Association of Property Tax Professionals; Lorri Michel; (*Registered, but did not testify*: Ellen Joyce, City of Irving; Ryan Clay)

BACKGROUND: Tax Code, sec. 42.01 entitles property owners to appeal orders of appraisal review boards relating to certain appraisal issues, including:

- determinations of appraised value of the owner's property;
- unequal appraisals of the owner's property;
- identification of the taxing units in which the owner's property is taxable;

- determination that the property owner is the owner of the property;
and
- corrections of appraisal rolls.

DIGEST:

CSSB 593 would authorize a property owner or appraisal district that was a party to a property tax appeal to file a written request that the parties engage in settlement discussions, including through an informal settlement conference or alternative dispute resolution. The request would have to be delivered to the other party before the date of trial. A court would enter an order specifying the form of the settlement discussions.

Both parties would attend the settlement discussions within 120 days and make a good faith effort to resolve the matter under appeal. If an appraisal district was unable to attend the settlement discussions, the bill would set the deadline for designating experts for the appeal at 60 days before the date of trial for all experts testifying for a party seeking affirmative relief. For all other experts, the deadline would be set at 30 days before trial.

If a property owner was unable to attend the settlement discussions, each party would not be considered a party seeking affirmative relief for the purpose of discovery regarding expert witnesses.

The bill also would prohibit an appraisal district from requesting that a property owner waive any rights granted by the Tax Code as a condition of attending a settlement discussion.

This bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2015, and would apply only to appeals filed on or after that date.

**SUPPORTERS
SAY:**

CSSB 593 would encourage settlement of tax appraisal appeals. Under current law, mediation requirements have not been sufficient to bring parties to the table under certain circumstances. The duration of lawsuits affects the amount of attorney fees expended by appraisal districts and interest accrued on refunds, so faster settlement could reduce the cost of

these lawsuits to the state.

This bill particularly would help small property owners who otherwise would face significant litigation costs if their cases went to trial.

OPPONENTS
SAY:

CSSB 593 is unnecessary because under current law, fewer than 1 percent of tax appraisal appeals actually go to trial. Settlement conferences and alternative dispute resolutions may not be an issue for large commercial property owners, but small property owners would be forced to go through a lot of unnecessary negotiation with the appraisal district before their cases were resolved.

NOTES:

CSSB 593 differs from the engrossed Senate version in that it removes a provision that would establish that the amount of attorney's fees paid by appraisal districts be based on the final written settlement offer submitted to the court by the appraisal district, among other changes.