

## **BILL ANALYSIS**

Senate Research Center  
81R9431 JE-D

S.B. 1117  
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Finance  
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### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Under current law, owners of real property are afforded an opportunity to take an appraisal district arbitration if the owner wants to dispute the valuation assessment. This option has been a popular and useful tool in the few years it has been available.

However, current law does not extend this same opportunity to owners of tangible personal property which is used for the production of income. Small business owners would benefit from appealing an appraisal district's decision to an arbitrator instead of district court.

As proposed, S.B. 1117 allows the owner of tangible personal property to appeal an appraisal district's decision to an arbitrator in the same manner as a real property owner. This bill also establishes guidelines regarding who can serve as an arbitrator.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 41A.01, Tax Code, as follows:

Sec. 41A.01. RIGHT OF APPEAL BY PROPERTY OWNER. Entitles a property owner, as an alternative to filing an appeal under Section 42.01 (Right of Appeal by Property Owner), to appeal through binding arbitration under this chapter an appraisal review board order determining a protest concerning the appraised or market value of real property or tangible personal property held or used for the production of income if the appraised or market value, as applicable, of the property as determined by the order is \$1 million or less and the appeal does not involve any matter in dispute other than the determination of the appraised or market value of the property.

SECTION 2. Amends Section 41A.06, Tax Code, by amending Subsection (b) and adding Subsection (c), as follows:

(b) Requires a person, in order to qualify to serve as an arbitrator in an arbitration proceeding concerning the appraised or market value of real property under this chapter, to meet certain criteria.

(c) Requires a person, in order to qualify to serve as an arbitrator in an arbitration proceeding concerning the appraised or market value of tangible personal property held or used for the production of income under this chapter, to have completed at least 30 hours of training in arbitration and alternative dispute resolution procedures from a university, college, or legal association, and agree to conduct an arbitration for a fee that is not more than 90 percent of the amount of the arbitration deposit required by Section 41A.03.

SECTION 3. Amends Section 41A.08(b), Tax Code, as added by Chapter 912 (H.B. 182), Acts of the 79th Legislature, Regular Session, 2005, to authorize parties to an arbitration proceeding under this chapter to represent themselves or be represented by a person who is licensed as a real estate broker or salesperson under Chapter 1101 (Real Estate Brokers and Salespersons),

Occupations Code, or is licensed or certified as a real estate appraiser under Chapter 1103 (Real Estate Appraisers), Occupations Code, if the arbitration proceeding concerns the appraised or market value of real property; or a certified public accountant certified under Chapter 901 (Accountants), Occupations Code, if the arbitration proceeding concerns the appraised or market value of tangible personal property held or used for the production of income. Makes a nonsubstantive change.

SECTION 4. Provides that the change in law made by this Act applies to the appeal of an order of an appraisal review board without regard to whether the order was issued before the effective date of this Act.

SECTION 5. Effective date: September 1, 2009.