

BILL ANALYSIS

Senate Research Center
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H.B. 316
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The legislature recently established a temporary pilot program in Bexar, Cameron, El Paso, Harris, Tarrant, and Travis Counties to allow property owners to protest an appraisal review board determination concerning property valued at \$1 million or more to the State Office of Administrative Hearings (SOAH). The program was subsequently expanded to additional counties. Interested parties note that the SOAH process has served as an alternative to appealing to a district court, which can often be a costly and time-consuming process. H.B. 316 seeks to make the appellate process under the program for certain property permanent and available to taxpayers statewide.

H.B. 316 amends current law relating to the pilot program authorizing a property owner to appeal to the State Office of Administrative Hearings regarding certain appraisal review board determinations.

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 the heading to Subchapter Z, Chapter 2003, Government Code, to read as follows:

SUBCHAPTER Z. APPEALS FROM APPRAISAL REVIEW BOARD DETERMINATIONS

SECTION 2. Amends Section 2003.901, Government Code, as follows:

Sec. 2003.901. New heading: APPEALS FROM APPRAISAL REVIEW BOARD DETERMINATIONS. Authorizes a property owner, as an alternative to filing an appeal under Section 42.01 (Right of Appeal by Property Owner), Tax Code, to appeal to the State Office of Administrative Hearings (SOAH) an appraisal review board order determining a protest concerning the appraised or market value of property brought under Section 41.41(a)(1) (relating to entitling a property owner to protest before the appraisal review board the determination of the appraised value of the owner's property, or in the case of certain lands, determination of its appraised or market value) or (2) (relating to entitling a property owner to protest before the appraisal review board unequal appraisal of the owner's property), Tax Code, if the appraised or market value, as applicable, of the property that was the subject of the protest, as determined by the board order, is more than \$1 million.

Deletes existing Subsection (a) requiring SOAH, not later than January 1, 2010, to develop a pilot program under which, as an alternative to filing an appeal under Section 42.01, Tax Code, a property owner is authorized to appeal to SOAH an appraisal review board order determining a protest concerning the appraised or market value of property brought under Section 41.41(a)(1) or (2), Tax Code, if the appraised or market value, as applicable, of the property that was the subject of the protest, as determined by the board

order, is more than \$1 million. Deletes existing Subsection (b) requiring that the pilot program be developed and implemented in conformance with the provisions of this subchapter. Deletes existing Subsection (c) providing that, so as to expeditiously determine the appeals filed with SOAH using resources available to SOAH, SOAH is not required to determine more than 3,000 appeals filed under this subchapter. Deletes existing text authorizing SOAH to develop a formula to establish the number of appeals that are authorized to be filed in each county included in the pilot program based on the total number of lawsuits filed in a county to which this subchapter applies as a percentage of the total number of lawsuits filed in all of those counties.

SECTION 3. Amends Section 2003.902, Government Code, as follows:

Sec. 2003.902. New heading: PARTICIPATING OFFICES AND REMOTE HEARING SITES. Requires SOAH to hear appeals filed under this subchapter only in Amarillo, Austin, Beaumont, Corpus Christi, El Paso, Fort Worth, Houston, Lubbock, Lufkin, McAllen, Midland, San Antonio, Tyler, and Wichita Falls. Deletes existing text requiring that the pilot program be implemented in Bexar, Cameron, El Paso, Harris, Tarrant, and Travis Counties for a four-year period beginning with the ad valorem tax year that begins January 1, 2010, and in Collin, Denton, Fort Bend, Montgomery, and Nueces Counties for a two-year period beginning with the ad valorem tax year that begins January 1, 2012. Makes a nonsubstantive change.

SECTION 4. Amends Section 2003.904, Government Code, to provide that this subchapter applies only to an appeal of a determination of the appraised or market value made by an appraisal review board in connection with real or personal property, other than industrial property, rather than requiring that the pilot program be applicable to a determination of the appraised or market value made by an appraisal review board in connection with real or personal property, other than industrial property or minerals.

SECTION 5. Amends Section 2003.908, Government Code, as follows:

Sec. 2003.908. NOTICE TO PROPERTY OWNERS. Requires an appraisal review board, rather than an appraisal review board of an appraisal district established in a county listed in Section 2003.902 of this code, that delivers notice of issuance of an order described by Section 2003.901 of this code pertaining to property described by Section 2003.904 of this code and a copy of the order to a property owner as required by Section 41.47 (Determination of Protest), Tax Code, to include with the notice and copy a notice of the property owner's rights under this subchapter, and a copy of the notice of appeal prescribed by Section 2003.907 (Contents of Notice of Appeal).

SECTION 6. Amends the heading to Section 2003.909, Government Code, to read as follows:

Sec. 2003.909. DESIGNATION OF ADMINISTRATIVE LAW JUDGE; LOCATION OF HEARING.

SECTION 7. Amends Section 2003.909, Government Code, by adding Subsection (b-1) and amending Subsection (c), as follows:

(b-1) Requires an administrative law judge, if all or part of the property that is the subject of the appeal is located in a municipality listed in Section 2003.902, to set the hearing in that municipality. Requires the administrative law judge, if no part of the property that is the subject of the appeal is located in a municipality listed in Section 2003.902, to set the hearing in the listed municipality that is nearest to the subject property.

(c) Requires that the hearing be held in a building or facility that is owned or partly or entirely leased by SOAH, except that if SOAH does not own or lease a building or facility in the municipality in which the hearing is required to be held, the hearing is authorized to be held in any publicly or privately owned building or facility in that municipality, preferably a building or facility in which SOAH regularly conducts

business. Prohibits the hearing from being held in a building or facility that is owned, leased, or under the control of an appraisal district. Deletes existing text requiring that the hearing be held in a building or facility that is owned or partly or entirely leased by SOAH and located in the county in which the applicable appraisal district is established, except that if SOAH does not own or lease a building or facility in the county, the hearing is authorized to be held in any public or privately owned building or facility in that county, preferably a building or facility in which SOAH regularly conducts business. Makes a nonsubstantive change.

SECTION 8. Repealers: Sections 2003.915 (Report to Legislature) and 2003.916 (Expiration), Government Code.

SECTION 9. Provides that the changes in law made by this Act apply only to an appeal filed under Subchapter Z (Pilot Program: Appeals from Appraisal Review Board Determinations in Certain Counties), Chapter 2003, Government Code, on or after the effective date of this Act. Provides that an appeal filed under Subchapter Z, Chapter 2003, Government Code, before the effective date of this Act is governed by the law in effect when the appeal was filed, and the former law is continued in effect for that purpose.

SECTION 10. Effective date: January 1, 2014.