

## **BILL ANALYSIS**

Senate Research Center  
84R12113 CJC-F

C.S.S.B. 593  
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Finance  
4/22/2015  
Committee Report (Substituted)

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

In litigation over property appraisals, the appraisal district is responsible for paying attorney's fees if the court reduces the property value by any amount. The amount of attorney's fees owed is based upon the difference between the value arrived at by the court and certified Appraisal Review Board value.

The committee substitute for S.B. 593 aims to foster the timely resolution of lawsuits relating to property appraisals by requiring both sides to engage in settlement conferences. The duration of lawsuits affects that amount of attorney fees expended by appraisal districts as well as the interest accrued on refunds.

For lawsuits that continue to court, the legislation establishes that the amount of attorney's fees paid by appraisal districts be based upon final the written settlement offer, which will likely lower the amount owed by the appraisal district. Property owners are not required to pay attorney's fees if a court finds in favor of the appraisal district.

C.S.S.B. 593 amends current law relating to pretrial settlement discussions during a judicial appeal of certain ad valorem tax determinations and the effect of certain pretrial settlement offers on the calculation of an award of attorney's fees in such an appeal.

### **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 Subchapter B, Chapter 42, Tax Code, is amended by adding Section 42.227, as follows:

Sec. 42.227. PRETRIAL SETTLEMENT DISCUSSIONS. (a) Requires the court, on motion by a party to an appeal under this chapter for which a discovery request to designate one or more expert witnesses is made, to enter an order requiring the parties to engage in settlement discussions before the trial begins. Requires that the motion be made not later than the 210th day before the date the discovery period in the appeal ends.

(b) Requires the court, if a motion is made under this section, to order the settlement discussions to be conducted not later than the 90th day after the date the motion is made. Authorizes the court to provide in the order that settlement discussions be conducted in a specific manner, including as part of an informal settlement conference or another form of alternative dispute resolution.

(c) Requires that each party ordered to engage in settlement discussions make a good faith effort to resolve the matter under appeal during the discussions.

SECTION 2. Amends Section 42.29, Tax Code, by adding Subsection (c), as follows:

(c) Provides that this subsection applies only if the appraisal district or the chief appraiser made a written settlement offer to the property owner on or before the 45th day before the date the trial began and a record of the offer was submitted to the court. Provides that, for the purposes of Subsections (a)(2) (authorizing a property owner who prevails in certain appeals to be awarded an amount not to exceed the greater of \$15,000 or 20 percent of the total amount by which the property owner's tax liability is reduced as a result of the appeal) and (b)(2) (authorizing a property owner who prevails in certain appeals to be awarded an amount not to exceed the lesser of \$100,000 or the total amount by which the property owner's tax liability is reduced as a result of the appeal), the amount by which the property owner's tax liability is reduced as a result of the appeal is computed by subtracting the property owner's tax liability resulting from the court's final determination of the appeal from the property owner's tax liability that would have resulted had the property owner accepted the most recent settlement offer meeting the requirements of this subsection. Prohibits this subsection from being construed to preclude a provision that waives attorney's fees or a refund of interest from being included in a settlement offer.

SECTION 3. Provides that the change in law made by this Act to Section 42.29, Tax Code, applies only to an appeal filed under Chapter 42, Tax Code, on or after the effective date of this Act. Makes application of this Act prospective.

SECTION 4. Effective date: upon passage or September 1, 2015.