

## **BILL ANALYSIS**

Senate Research Center  
86R4646 JES-F

S.B. 1876  
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Property Tax  
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As Filed

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

Property owners meeting certain criteria may request binding arbitration as an alternative method for appealing a property valuation determined by the appraisal review board (ARB).

Chapter 41A, Tax Code, also allows a property owner to file one arbitration request, with a single arbitration deposit, to appeal an ARB order involving two or more tracts of land that are contiguous to one another in a single arbitration hearing.

The Tax Code does not provide any further restriction on the types of contiguous tracts of land that are eligible for a single arbitration hearing. The Office of the Comptroller of Public Accounts of the State of Texas has provided that two or more tracts of land qualify as contiguous if:

1. each tract physically touches another tract;
2. no intervening area separates the tracts;
3. the property type of each tract is the same as the other tracts being appealed; and
4. the tracts do not include any improvements (buildings).

Due to the comptroller's interpretation of what constitutes contiguous tracts of land, binding arbitration requests submitted by property owners who seek to appeal the valuation of two or more contiguous tracts of land which comprise a single economic unit—but which are not uniformly classified as the same property type—are being dismissed.

S.B. 1876 amends Chapter 41A, Tax Code, to establish that for purposes of binding arbitration, two or more contiguous tracts of land that comprise one economic unit shall be considered contiguous tracts of land regardless of property type classification.

As proposed, S.B. 1876 amends current law relating to a request for binding arbitration to appeal appraisal review board orders involving two or more contiguous tracts of land.

### **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.03(a-1), Tax Code, to prohibit tracts of land, for purposes of this subsection, from being considered to be noncontiguous on the basis of the classifications of the tracts of land, provided that the tracts of land constitute the same economic unit.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: September 1, 2019.