

SUBJECT: Allowing taxing units to intervene in certain appraisal review appeals

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 7 ayes — Hilderbran, Otto, Elkins, Gonzalez, Murphy, Ritter, Woolley

0 nays

4 absent — Christian, Lyne, Martinez Fischer, Villarreal

WITNESSES: For — (*Registered, but did not testify*: Luanne Caraway; Mark Ciavaglia, Linebarger, Goggan, Blair, & Sampson, L.L.P.; Daniel Gonzalez, Texas Association of Realtors; Jim Robinson, Texas Association of Appraisal Districts)

Against — None

BACKGROUND: Most property owners may appeal the appraisal of their property to the local Appraisal Review Board (ARB). A property owner may appeal an ARB's decision to the local district court.

Tax Code, sec. 42.08, requires property owners to pay part of their assessed property taxes in order to be eligible to appeal their property appraisal to a district court. A property owner must pay the lesser of:

- the amount of taxes due on the portion of the taxable value of the property that is not in dispute; or
- the amount of taxes due on the property under the ARB order from which the appeal is taken.

A taxing entity may intervene in a property owner's appeal for the limited purpose of determining whether the property owner complied with the prerequisite that they pay part of the taxes due.

Tax Code, sec. 25.25, controls the correction of property appraisal records, or rolls. Sec. 25.25(g) allows a chief appraiser or a property owner to appeal a property appraisal issued by an ARB to a district court. The purpose of this appellate procedure is to correct clerical errors or substantial errors in the appraisal of property.

DIGEST:

HB 1435 would allow taxing units to intervene in a sec. 25.25 appeal for the limited purpose of determining whether the property owner had complied with the prerequisite that part of the applicable property taxes be paid prior to appeal.

The bill would require the property owner or appraiser making the appeal to give notice of the appeal to each taxing entity that levied taxes on the property that was the subject of the appeal. A taxing entity would be able to intervene in the appeal whether or not notice was received.

HB 1345 also would prevent a property owner or a chief appraiser from making a taxing unit a party to a suit requesting a change to the appraisal rolls.

The 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, 2011.

The requirement that the appellant give notice would apply in cases filed on or after the effective date. Taxing entities could intervene in appeals filed on or after the effective date or pending on the effective date.

SUPPORTERS  
SAY:

HB 1435 would bring uniformity to the Tax Code by aligning the two appeals processes to allow taxing entities to intervene in order to ensure that appellants had properly paid applicable taxes as part of the appeal process. The bill also would require that taxing entities receive notice of an appeal to amend the appraisal rolls so they could be certain to intervene when it was appropriate. This would allow the taxing entities to protect their right to the timely receipt of revenues.

Taxing entities across the state have noticed that during appeals to correct appraisal rolls, many taxpayers are not paying the part of their property taxes required as a prerequisite to appeal. These cases can take months, delaying tax revenue that local entities count on in order to provide services. Even just a few non-payments by a few large commercial or industrial entities can result in significant delays and disruptions in the revenue streams on which local taxing entities depend.

HB 1435 would not impose a more onerous appeals requirement. Instead, it would increase compliance with existing law. The requirement to pay part of the property taxes due as part of an appeal already exists. HB 1435

would allow the taxing entities to intervene in an appeal in order to ensure that the requirement was followed.

HB 1435 would prevent property owners and chief appraisers from making a taxing entity part of an appeal to amend the appraisal rolls because the presence of the taxing entities is not pertinent to issues of value. Issues of value are between the chief appraiser and property owners. Joining the taxing entities only wastes resources, as they must respond to discovery and other motions better settled between the chief appraiser and property owners.

**OPPONENTS  
SAY:**

No apparent opposition.

**NOTES:**

The companion bill, SB 1341 by Seliger, passed the Senate by 31-0 on April 13 and was referred to the House Ways and Means Committee on April 14.