

BILL ANALYSIS

Senate Research Center

H.B. 1082
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Finance
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Engrossed

DIGEST AND PURPOSE

Prior to 1997, property owners could not protest their appraisal value at a venue other than the appraisal review board. The 75th Texas Legislature, however, passed legislation granting relief in district court for a property owner dissatisfied with the decision made by the appraisal review board. Currently, a district court may only grant relief if the appraisal ratio has been judged to exceed 10 percent of the median level of a sample of other properties in the appraisal district. This approach may not take into account extreme differences in property values within any given appraisal district. H.B. 1082 adds two additional entitlements for relief.

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. (a) Amends Section 6.025, Tax Code, by adding Subsection (d), as follows:

(d) Requires each of the chief appraisers, if on May 1 all the chief appraisers of the appraisal districts described by Subsection (a) in which a parcel or item of property is located are not in agreement as to the appraised or market value of the property, on that date, to enter as the appraised or market value of the property on the appraisal records of the appropriate appraisal district the lowest appraised or market value of the property as determined by any of the chief appraisers. Requires the chief appraiser, if as a result of a protest, appeal, or other action the appraised or market value of the property is subsequently reduced in any of the appraisal districts, to notify each of the appraisal districts of the reduced appraised or market value. Requires the chief appraiser of each appraisal district to enter that reduced appraised or market value on the appraisal records as the appraised or market value of the property. Requires each chief appraiser, if the appraised or market value is reduced in more than one appraisal district, to enter the lowest of those values on the appraisal records.

(b) Provides that this section takes effect January 1, 2004, and applies only to the appraisal for ad valorem tax purposes of property for a tax year that begins on or after that date.

SECTION 2. Amends Section 41.43, Tax Code, by amending Subsections (a) and (b) and adding Subsection (d), as follows:

(a) Provides that except as provided by Subsection (b), in a protest authorized by Section 41.41(a)(1) or (2), rather than Section 41.41(1) or (2), the appraisal district has the burden of establishing the value of the property by a preponderance of the evidence presented at the hearing.

(b) Requires a protest on the ground of unequal appraisal of property to be determined in favor of the appraisal district, rather than the protesting party, unless the protesting party, rather than the appraisal district, establishes certain facts.

(d) Requires the value of the property subject to the protest and the value of a

comparable property or sample property that is used for comparison, for purposes of this section, to be the market value determined by the appraisal district when the property is a residence homestead subject to the limitation on appraised value imposed by Section 23.23.

SECTION 3. Amends Sections 42.26(a), (b), and (d), Tax Code, as follows:

(a) Requires the district court to grant relief on the ground that a property is appraised unequally if certain conditions apply.

(b) Requires the court, if a property owner is entitled to relief under Subsection (a)(1), to order the property's appraised value changed to the value as calculated on the basis of the median level of appraisal according to Subsection (a)(1). Requires the court, if a property owner is entitled to relief under Subsection (a)(2), to order the property's appraised value changed to the value calculated on the basis of the median level of appraisal according to Subsection (a)(2). Requires the court, if a property owner is entitled to relief under Subsection (a)(3), to order the property's appraised value changed to the value calculated on the basis of the median appraised value according to Subsection (a)(3). Provides that if a property owner is entitled to relief under more than one subdivision of Subsection (a), rather than both Subsection (a)(1) and Subsection (a)(2), the court shall order the property's appraised value changed to the value that results in the lowest, rather than the lower, appraised value, rather than the value calculated on the basis of the medial level of appraisal. Requires the court to determine each applicable median level of appraisal or median appraised value according to law, and provides that it is not required to adopt the median level of appraisal or median appraised value proposed by a party to the appeal. Prohibits the court from limiting or denying relief to the property owner entitled to relief under a subdivision of Subsection (a) because the appraised value determined according to another, rather than the other, subdivision of Subsection (a) results in a higher appraised value.

(d) Requires the value of the property subject to the suit and the value of a comparable property or sample property that is used for comparison, for purposes of this section, to be the market value determined by the appraisal district when the property is a residence homestead subject to the limitation on appraised value imposed by Section 23.23. Deletes existing text relating to requiring the district court to grant relief on the ground that a property is appraised unequally if the appraised value of the property exceeds the median appraised value of a reasonable number of comparable properties appropriately adjusted.

SECTION 4. Amends Section 43.01, Tax Code, as follows:

Sec. 43.01. **AUTHORITY TO BRING SUIT.** (a) Authorizes certain persons, rather than a taxing unit, to sue the appropriate appraisal district or the appraisal review board established for that appraisal district, rather than the appraisal district that appraises property for the unit, to compel the appraisal district or appraisal review board to comply with the provisions of this title, rules of the comptroller, or other applicable law.

(b) Requires the court to award court costs and reasonable attorney's fees to a plaintiff who prevails in a suit brought under this section.

SECTION 5. (a) Provides that Section 43.01, Tax Code, as amended by this Act takes effect September 1, 2003.

(b) Makes application of the changes in law made by Section 43.01, Tax Code, as amended by this Act prospective.

SECTION 6. (a) Effective date: September 1, 2003.

(b) Makes application of this Act prospective.