

BILL ANALYSIS

Senate Research Center

H.B. 2419
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law requires that appraisal review boards consist of three members, with the authority to increase that number if appropriate and authorized by the board of directors of the local appraisal district. Current law also allows appraisal review boards to conduct hearings before panels of three members, who then must make a recommendation on a hearing and submit the recommendation to the full membership of the appraisal review board for a final determination. For large metropolitan appraisal districts, the local appraisal review boards can have many times the three-member minimum, with numerous three-member panels conducting hearings on a daily basis.

H.B. 2419 seeks to implement an alternate process by creating a pilot program authorizing an administrative district judge to appoint special magistrates to assist in hearing property tax protests, with the intent of improving logistical efficiency in the scheduling and conduct of hearings in large metropolitan appraisal districts and saving money for appraisal districts and appraisal review boards.

H.B. 2419 amends current law relating to a pilot program authorizing an administrative district judge to appoint special magistrates to assist in hearing ad valorem tax protests.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller of public accounts of the State of Texas in SECTION 2 of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Chapter 41, Tax Code, by adding Subchapter E, as follows:

SUBCHAPTER E. PILOT PROGRAM: APPOINTMENT OF SPECIAL MAGISTRATES TO HEAR CERTAIN PROPERTY TAX PROTESTS IN HARRIS COUNTY

Sec. 41.81. **APPLICABILITY.** Provides that this subchapter applies only to a protest filed under this chapter that relates to property with an appraised or market value, whichever is greater, of at least \$1 million as determined by the appraisal district, and that is used in a manner consistent with commercial use.

Sec. 41.82. **APPOINTMENT OF SPECIAL MAGISTRATES; TERMS.** (a) Requires the local administrative district judge and the board of directors of the appraisal district to determine the number of special magistrates necessary to conduct timely hearings on taxpayer protests to which this subchapter applies. Requires the local administrative district judge to appoint the appropriate number of special magistrates as determined under this subsection.

(b) Provides that a special magistrate appointed under this section is not required to be a resident of the county in which the appraisal district is located. Prohibits a person from serving as a special magistrate if the person:

(1) would be ineligible to serve as a member of an appraisal review board under Section 6.412 (Restrictions on Eligibility of Board Members), 6.413 (Interest in Certain Contracts Prohibited), or 41.69 (Conflict of Interest);

(2) is a registered property tax consultant under Chapter 1152 (Property Tax Consultants), Occupations Code; or

(3) is an elected or appointed official or an employee of the appraisal district, a taxing unit that participates in the appraisal district, or the comptroller of public accounts of the State of Texas (comptroller).

(c) Provides that, except as provided by Section 41.90, special magistrates are appointed to serve staggered two-year terms, with the terms of as close to one-half of the members as possible expiring December 31 of each year. Authorizes special magistrates to serve consecutive terms.

(d) Requires the local administrative district judge to consult with the chair of the appraisal review board to determine the particular needs of the appraisal review board when appointing special magistrates under this section. Requires the local administrative district judge, to the extent practicable, to appoint as special magistrates persons who are:

(1) members of the State Bar of Texas who have experience in property tax law to conduct hearings on protests related to exemptions and property classification;

(2) state-licensed real estate appraisers who have at least five years of experience appraising real property to conduct hearings on protests related to real property valuation; and

(3) certified public accountants or members of a nationally recognized appraiser's organization with experience in personal property valuation to conduct hearings on protests related to tangible personal property valuation.

(e) Requires that the appointment of a special magistrate under this section be made on the basis of the magistrate's qualifications and may not be influenced by the chief appraiser.

Sec. 41.83. COMPENSATION. Entitles a special magistrate to a per diem set by the board of directors of the appraisal district for each day the magistrate conducts a hearing on a protest. Requires that the per diem be paid out of the appraisal district's operating account.

Sec. 41.84. REQUIRED TRAINING. (a) Requires a special magistrate to complete a training program approved by the comptroller before conducting a protest hearing under this subchapter.

(b) Authorizes the comptroller to require a special magistrate, to satisfy the requirement under Subsection (a), to attend the training provided to members of an appraisal review board.

Sec. 41.85. POWERS OF SPECIAL MAGISTRATE. Authorizes a special magistrate to conduct a hearing on a protest to which this subchapter applies and in conducting the hearing has the same powers as an appraisal review board or a panel of the appraisal review board under this chapter.

Sec. 41.86. ASSIGNMENT OF HEARING TO SPECIAL MAGISTRATE. (a) Requires the chair of the appraisal review board, notwithstanding Section 41.45(d) (relating to requiring an appraisal review board consisting of more than three members to

sit in panels of not fewer than three members to conduct protest hearings), to assign special magistrates to conduct hearings on protests to which this subchapter applies.

(b) Requires the chair of the appraisal review board to assign a hearing to a special magistrate based on the subject of the protest and the magistrate's area of expertise as described by Section 41.82(d) to the extent practicable.

(c) Prohibits the chair of the appraisal review board from assigning a hearing to a special magistrate based on that magistrate's record of recommending determinations favorable to the appraisal review board.

Sec. 41.87. NOTICE; HEARING; PROCEDURE. (a) Provides that the provisions of Subchapters C (Taxpayer Protest) and D (Administrative Provisions) relating to scheduling, notice, and procedures of a protest hearing apply to a hearing conducted by a special magistrate under this subchapter.

(b) Requires the special magistrate hearing a protest to recommend a determination of the protest to the appraisal review board in writing on completion of a hearing.

(c) Authorizes the appraisal review board, after reviewing the special magistrate's recommendation, to:

(1) adopt the special magistrate's recommendation; or

(2) subject to Subsection (d), reject the special magistrate's recommendation and:

(A) refer the protest to a different special magistrate for rehearing;
or

(B) determine the protest by majority vote at a subsequent meeting of the board.

(d) Requires that notice of the rehearing or meeting be provided as provided under Subchapter C if the appraisal review board refers a protest under Subsection (c)(2)(A) or determines a protest under Subsection (c)(2)(B).

Sec. 41.88. RESTRICTION ON APPEARANCE BEFORE APPRAISAL REVIEW BOARD. Prohibits a person from representing an individual in a hearing on a protest filed under this chapter with an appraisal review board if, during the preceding 12-month period, the person served as a special magistrate for the appraisal review board.

Sec. 41.89. EX PARTE COMMUNICATIONS. Provides that a special magistrate is considered a member of an appraisal review board for purposes of Sections 6.411 (Ex Parte Communications; Penalty) and 41.66(f) (relating to prohibiting a member of the appraisal review board from communicating with another person concerning information regarding protests before the appraisal review board).

Sec. 41.90. TERMINATION. Provides that a person appointed as a special magistrate under this subchapter serves as an independent contractor of the appraisal review board and authorizes them to be terminated at any time by a vote of a majority of the members of the board.

Sec. 41.91. EFFECTIVE DATE; EXPIRATION. (a) Requires that the pilot program be implemented in Harris County for a four-year period beginning with the ad valorem tax year that begins January 1, 2014.

(b) Provides that this subchapter expires January 1, 2018.

SECTION 2. (a) Requires the local administrative district judge of Harris County, beginning September 1, 2013, to meet with the board of directors of the Harris County Appraisal District to determine the number of special magistrates necessary to timely conduct hearings on protests to which Subchapter E, Chapter 41, Tax Code, as added by this Act, applies.

(b) Provides that not later than November 1, 2013:

(1) the local administrative district judge is required to appoint the required number of special magistrates; and

(2) the comptroller of public accounts is required to adopt rules relating to the training required under Section 41.84, Tax Code, as added by this Act.

(c) Requires the local administrative district judge, in making the initial appointments of special magistrates under Subsection (b)(1) of this section, notwithstanding Section 41.82(c), Tax Code, as added by this Act, to appoint one-half of the number of special magistrates to serve a one-year term beginning on January 1, 2014, and the other one-half to serve two-year terms beginning January 1, 2014. Requires subsequent appointees to serve two-year terms beginning on January 1 of each year.

SECTION 3. (a) Effective date, except as provided by Subsection (b) of this section: January 1, 2014.

(b) Effective date, Section 2 of this Act: September 1, 2013.