

BILL ANALYSIS

Senate Research Center
85R7024 CJC-F

S.B. 2207
By: Hancock
Finance
4/6/2017
As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

When the value of property for a tax year has been determined by an appraisal review board or a court, Section 23.01(e) of the Tax Code prevents a chief appraiser from raising the value of that property in the following tax year unless the increase in value is supported by substantial evidence. The burden of proof is on the chief appraiser to substantiate the increase in value.

If a property owner believes that a chief appraiser has not complied with Section 23.01(e), S.B. 2207 allows the property owner a direct appeal to district court for the sole purpose of determining whether the chief appraiser has met the burden of proof under Section 23.01(e). If the chief appraiser cannot show substantial evidence for the increase in value as required by Section 23.01(e), then the value of the property is set at the prior year's value, and the court may award costs and attorney's fees to the property owner. If the chief appraiser does meet his burden of proof, then the property owner's appeal is dismissed, but the property owner is not prohibited from filing a protest and having the value of the property determined by the appraisal review board through the usual process.

Ultimately, this bill encourages more accountability in appraisal districts by ensuring they update their data to reflect changes made in the appraised value for the preceding tax year.

This bill makes changes to the Tax Code by:

- Section 1 is amended to allow a property owner to appeal an increase in the appraised value of the owner's property by the chief appraiser if the appraised value of the property was lowered in the preceding tax year under Section 23.01(e) of the Tax Code.
- Section 2 allows the property owner to raise a limited appeal in court if the appraised value of the property was lowered in the preceding tax year, again under Section 23.01(e) of the Tax Code. Furthermore, it requires the court to dismiss the appeal if the chief appraiser has met the burden of proof. On the other hand, if the court finds the chief appraiser has failed to meet the burden of proof, they will be required to fix the appraised value for the property owner. Neither party is entitled to discovery, and reasonable attorney's fees are recoverable by a property owner who prevails.

As proposed, S.B. 2207 amends current law relating to the appeal of a determination of the appraised value of certain property for ad valorem tax purposes.

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 42.01, Tax Code, by adding Subsection (c), as follows:

- (c) Provides that a property owner, notwithstanding any other provision of this chapter, is entitled to appeal an increase in the appraised value of the owner's property by the chief appraiser of an appraisal district if the appraised value of the property was lowered in the

preceding tax year under the circumstances described by Section 23.01(e) (relating to an increase or decrease of the appraised value of property under certain circumstances). Authorizes an appeal authorized by this subsection to be brought only under Section 42.27.

SECTION 2. Amends Subchapter B, Chapter 42, Tax Code, by adding Section 42.27, as follows:

Sec. 42.27. LIMITED APPEAL OF INCREASE IN VALUE OF CERTAIN PROPERTY. (a) Authorizes a property owner, subject to the provisions of this section and notwithstanding any other law, to appeal to the court an increase in the appraised value of the owner's property by the chief appraiser of an appraisal district if the appraised value of the property was lowered in the preceding tax year under the circumstances described by Section 23.01(e).

(b) Provides that an appeal under this section is for the limited purpose of determining whether the chief appraiser is able to meet the burden of proof required to increase the appraised value of the property under Section 23.01(e).

(c) Requires the court, on finding that the chief appraiser has met the burden of proof, to dismiss the appeal.

(d) Requires the court, on finding that the chief appraiser has failed to meet the burden of proof, to fix the appraised value of the property in accordance with Section 23.01(e) and order the chief appraiser to correct the appraisal roll and other appropriate records as necessary to reflect the appraised value of the property as fixed by the court.

(e) Provides that neither party may conduct discovery in an appeal.

(f) Authorizes the court to award costs and reasonable attorney's fees to a property owner who prevails in an appeal. Provides that the amount of the award of attorney's fees is subject to the limitation on the amount of such fees prescribed by Section 42.29 (Attorney's Fees).

(g) Authorizes a property owner to protest under Chapter 41 (Local Review) an action relating to the value of property that, in the same tax year, was the subject of an appeal.

SECTION 3. Effective date: September 1, 2017.