

BILL ANALYSIS

Senate Research Center

H.B. 1802
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Property Tax
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently under Section 41A.03, Tax Code, property owners can dispute the appraised value of their property as determined by an appraisal review board (ARB) through binding arbitration, as an alternative to litigation (appealing to a state district court).

With binding arbitration, an independent, neutral arbitrator hears and examines the facts of an appeal. The decision the arbitrator renders is binding on all parties. Property owners must request binding arbitration within 45 days of receiving an ARB order of determination notice. The fees associated with requesting binding arbitration range from \$450 to \$1,550, based on valuation and classification of the property.

Alternatively, filing in a district court can involve filing fees, attorney's fees, expert witness fees, etc., easily surpassing the costs incurred with binding arbitration. Property owners must file in district court within 60 days of receiving an ARB order of determination notice.

H.B. 1802 will extend the deadline to file for binding arbitration from 45 days to 60 days in order to match the current deadline for filing an appeal with the district court. H.B. 1802 will also require the Office of the Comptroller of Public Accounts of the State of Texas to provide property owners with a written notice of deficiencies in a rejected application for binding arbitration and allow the property owner 15 days to cure the deficiencies. This will allow taxpayers and appraisal districts increased access to a cost-effective alternative to litigation as well as streamlining administrative procedures at appraisal districts.

H.B. 1802 amends current law relating to a request for binding arbitration of certain appraisal review board orders.

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), Tax Code, to require a property owner, to appeal an appraisal review board order under this chapter (Appeal Through Binding Arbitration), to file a certain request and one of certain deposits, as appropriate, with the appraisal district not later than the 60th day, rather than not later than the 45th day, after the date the property owner receives notice of the order.

SECTION 2. (a) Amends Section 41A.05, Tax Code, by amending Subsection (a) and adding Subsections (c), (d), and (e), as follows:

(a) Deletes existing text requiring the appraisal district, not later than the 10th day after the date an appraisal district receives from a property owner a completed request for binding arbitration under this chapter and an arbitration deposit, as required by Section 41A.03 (Request For Arbitration), to certify the request. Makes nonsubstantive changes to this subsection.

(c) Prohibits the comptroller of public accounts of the State of Texas (comptroller) from rejecting an application submitted to the comptroller under this section (Processing of Registration Request) unless the comptroller delivers written notice to the applicant of the defect in the application that would be the cause of the rejection and the applicant fails to cure the defect on or before the 15th day after the date the comptroller delivers the notice.

(d) Authorizes an applicant to cure a defect in accordance with Subsection (c) at any time before the expiration of the period provided by that subsection, without regard to the deadline for filing the request for binding arbitration under Section 41A.03(a).

(e) Provides that, for purposes of this section, a reference to the applicant includes the applicant's representative if the applicant has retained a representative as provided by Section 41A.08 (Notice and Hearing; Representation of Parties) for purposes of representing the applicant in an arbitration proceeding under this chapter.

(b) Provides that Section 41A.05, Tax Code, as amended by this section, applies only to a request for binding arbitration received by the comptroller from an appraisal district on or after the effective date of this Act.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: upon passage or September 1, 2019.