

BILL ANALYSIS

Senate Research Center
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S.B. 1436
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Local Government
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Government Code Section 403.303 deals with protests and appeals of the property value study (PVS). Current law authorizes school districts and certain property owners to protest the findings of the Comptroller of Public Accounts of the State of Texas (comptroller) in the PVS. The property owners who may protest must own a property that is included in the PVS with a tax liability of \$100,000 or more. If these protests are not settled informally by the comptroller, they are referred to State Office of Administrative Hearings (SOAH).

Section 403.303(d) deals with appeals of SOAH determinations to a Travis County district court. Only school districts are permitted to appeal under current law. While eligible property owners may protest to SOAH, they may not file a judicial appeal. The rationale for this limitation is a school district is the only party that is directly impacted by a change in the PVS. The values determined in the PVS (a ratio study) do not determine the exact values established by county appraisal districts. The methodology used in determining PVS values, however, often becomes the benchmark for appraisal districts to use to ensure the school districts in their boundaries are assigned local values for purposes of state funding.

Because of the impact that the PVS has on taxable values at the local level, owners of property that is part of the PVS sample with tax liability of \$100,000 or more should be able to appeal a SOAH determination to district court. While their property values will not change locally for purposes of taxation if they prevail at court, the judicial determination will change how the PVS is conducted and ultimately will have an effect on what appraisal methodology is used to value their property.

S.B. 1436 would amend Government Code Section 403.303(d) to allow eligible property owners to join school districts in litigation. They cannot file their own lawsuits; they must obtain permission from the school districts where the property is located to join with them in challenging SOAH determinations. Once in court, the court is required to order changes to the PVS if it finds that the comptroller acted arbitrarily or the PVS findings are not reasonably supported by a preponderance of evidence presented at a trial de novo. The bill changes the current substantial evidence de novo standard to a trial de novo to allow full consideration of the facts by the trial court. The use of de novo review is consistent with how appeals of appraisal review board determinations are conducted.

As proposed, S.B. 1436 amends current law relating to the appeal of a determination by the comptroller of public accounts of a protest of the comptroller's findings in a study of school district property values.

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 403.303(d), Government Code, as follows:

(d) Authorizes a protesting school district to appeal a determination of a protest by the Comptroller of Public Accounts of the State of Texas (comptroller) to a district court of Travis County by filing a petition with the court. Authorizes an owner of property subject to the determination of the protest to, with the written approval of the protesting school district, join the school district as a party to the appeal. Requires the court to review de novo the comptroller's determination of the protest sitting without a jury, rather than providing that the review is conducted by the court sitting without a jury. Requires the court to order specific changes to the property value study, rather than to remand the determination to the comptroller, if on the review the court determines that, rather than discovers that substantial rights of the school district have been prejudiced and that:

(1) the comptroller has acted arbitrarily and without regard to facts; or

(2) the finding of the comptroller is not reasonably supported by a preponderance of the evidence introduced before the court at the hearing, rather than the finding of the comptroller is not reasonably supported by substantial evidence introduced before the court.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: January 1, 2022.