

BILL ANALYSIS

Senate Research Center
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S.B. 593
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In litigation over property appraisals, the appraisal district is responsible for paying attorney's fees if the court reduces the property value by any amount. The amount of attorney's fees owed can be based upon the difference between the value arrived at by the court and the certified value set by the Appraisal Review Board.

S.B. 593 establishes that the amount of attorney's fees paid by appraisal districts be based upon the final written settlement offer. Such a change creates an incentive for appraisal districts to negotiate because it would lower the amount of attorney's fees owed by the appraisal district. Property owners are not required to pay attorney's fees if a court finds in favor of the appraisal district.

As proposed, S.B. 593 amends current law relating to the award of attorney's fees in a judicial appeal of certain ad valorem tax determinations.

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 42.29, Tax Code, as follows:

Sec. 42.29. ATTORNEY'S FEES. (a) Authorizes a court to, in its discretion, award a property owner reasonable attorney's fees in an amount authorized by this section if the property owner prevails in a suit:

(1) filed with the court under Section 42.25 (Remedy for Excessive Appraisal) or 42.26 (Remedy for Unequal Appraisal); or

(2) filed with the court appealing one or more determinations of an appraisal review board of:

(A) one or more motions filed under Section 25.25 (Correction of Appraisal Roll); or

(B) one or more protests of the denial in whole or in part of an exemption under Section 11.17 (Cemeteries), 11.22 (Disabled Veterans), 11.23 (Miscellaneous Exemptions), 11.231 (Nonprofit Community Business Organization Providing Economic Development Services to Local Community), or 11.24 (Historic Sites).

Deletes existing text providing that a property owner who prevails in an appeal to the court under Section 42.25 or 42.26, in an appeal to the court of a determination of an appraisal review board on a motion filed under Section 25.25, or in an appeal to the court of a determination of an appraisal review board of a

protest of the denial in whole or in part of an exemption under Section 11.17, 11.22, 11.23, 11.231, or 11.24 may be awarded reasonable attorney's fees.

(b) Creates this subsection from existing text. Prohibits the amount of an award of attorney's fees from exceeding the greater of \$15,000 or 20 percent of the total amount by which the property owner's tax liability is reduced as a result of the suit, rather than the appeal. Makes a nonsubstantive change.

(c) Redesignates existing Subsection (b) as Subsection (c). Prohibits the amount of an award of attorney's fees, notwithstanding Subsection (b), rather than Subsection (a), from exceeding the lesser of \$100,000 or the total amount by which the property owner's tax liability is reduced as a result of the suit, rather than appeal. Makes a nonsubstantive change.

(d) Provides that this subsection applies only if the appraisal district or the chief appraiser made a written settlement offer to the property owner on or before the 45th day before the date the trial began and a record of the offer was submitted to the court. Provides that for the purposes of Subsection (b)(2) and (c)(2), the amount by which the property owner's tax liability is reduced as a result of the suit is computed by subtracting the property owner's tax liability resulting from the court's final determination of the suit from the property owner's tax liability that would have resulted had the property owner accepted the most recent settlement offer meeting the requirements of this subsection.

SECTION 2. Provides that the change in law made by this Act to Section 42.29, Tax Code, applies only to an appeal filed under Chapter 42, Tax Code, on or after the effective date of this Act. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2015.