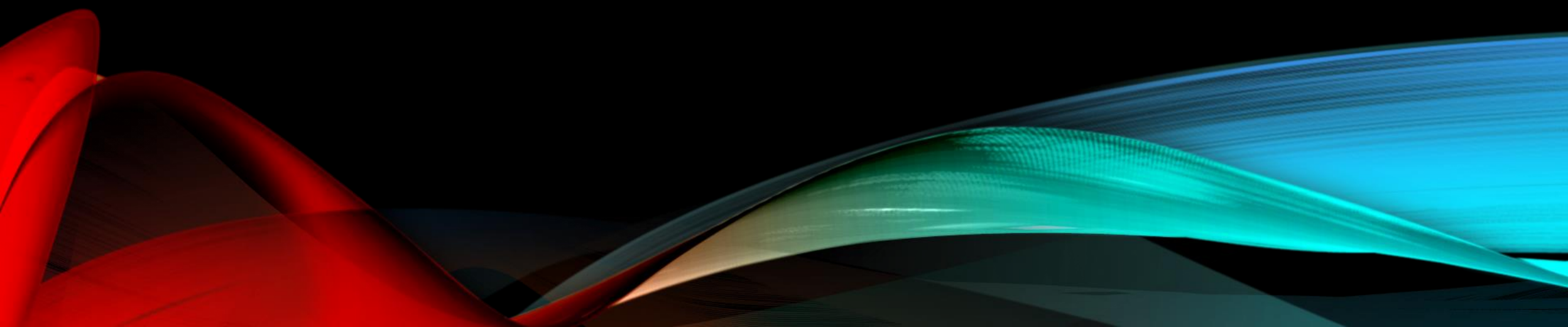


APPRAISAL REVIEW BOARD

Tracie S. Zimmerman, Consultant



WHAT IS THE ARB?

Appraisal Review Boards in Texas (254) serve as independent and neutral boards tasked with presiding over property disputes between property owners and their county appraisal district. Decisions are to be made in the hearings after listening to testimony and reviewing evidence provided by the parties, and in accordance with Texas Property Code.

Types of Property include commercial, residential, business personal property, land, etc.

WHAT IS THE ARB?

Members

- Serve up to 3, 2-year terms
- Must live in the county - minimum of 2 years
- Are appointed by the county administrative judge and/or appointed by the Appraisal District Board of Directors (2024)
- Members are paid for time in hearings, meetings and training, and are often retirees interested in contributing to their community.

WHAT IS THE ARB?

The ARB was created as appointed boards in Texas with specific statutory responsibilities and as a separate body with legal separation from Appraisal Districts. ARB's generally utilize staff from the appraisal districts to perform clerical assistance and reporting.

The ARB is to act independently and make fair and impartial determinations.

WHAT IS THE ARB?

Special Panels

In counties with a population of \$1 million or more, ARB's are required to have members who have the background to hear certain complex property issues.

Requirements for Special Panel ARB Members:

- Hold a law degree, MBA or be a CPA
- Be accredited by the American Society of Appraisers
- Possess a MAI designation

WHAT IS THE ARB?

Special Panels (continued)

- Possess a certified assessment evaluator designation
- Have at least 10 years of experience in property tax appraisal or consulting;
- Be licensed as a real estate broker or sales agent; or

If not enough qualified applicants apply, a member may participate with a bachelor's degree in any field

WHAT IS THE ARB?

Ex Parte Communications – Section 41.66 (f)

ARB Members may not communicate with another member concerning:

- The evidence, argument, facts, merits or any other matters related to a property owner's protest, except during the hearing on the protest, or
- A property that is the subject of a protest, except during a hearing on another protest or other proceeding before the ARB at which the property is compared to other property or used in a sample of properties.

WHAT IS THE ARB?

Ex Parte Communications - 6.411(b)

A party to a proceeding commits a Class A misdemeanor

- if the person communicates with a member of the ARB with the intent to influence a decision by the member in the member's capacity as a member of the ARB.
- This includes the Chief Appraiser or anyone from the AD, or tax consultant or attorney representing a party to a proceeding.

WHAT IS THE ARB?

Ex Parte Communications - 6.411(b)

This does not apply:

- During a hearing or other proceeding before the ARB
- Social conversation
- Administrative, logistical, or clerical matters related to scheduling or operations of the hearings or ARB, etc.
- Necessary to determine appointment, reappointment or removal of a person from the ARB.

ARB HEARINGS

Tax Payer Protests 41.41 (a) & (c)

- Determination of appraised or market value
- Unequal appraisal
- Denial of an Exemption in whole or in part
- Denial, modification or assessment rating of a property qualified for a temporary exemption due to damage by disaster
- Determination of qualification for agricultural or timber land appraisal

ARB HEARINGS

Tax Payer Protests 41.41(a) & (c)

- Identification of the taxing unity of the property
- Determination of ownership
- Determination that a change in land use has occurred (agriculture or timber land)
- Any other action of the chief appraiser, appraisal district or ARB that applies to and adversely affects the property owner



ARB PROCESS & PROCEDURES

ARB PROCESS AND PROCEDURES

Most Valuation Protests must be filed by *May 15th*

Prior to the hearing, the property owner must be sent:

- Notice of hearing date & time
- A Copy of the Comptroller's Pamphlet
- Hearing Procedures
- Notice of their right to present and receive evidence

ARB PROCESS & PROCEDURES

Agent / Representative

The deadlines and process are the same with possible exception in the manner the AD evidence is provided. The Agent and Appraisal District establish procedures on method of delivery of information.

ARB PROCESS & PROCEDURES

Property Owner:

Represents themselves/Family at the ARB

Attends the Hearing via Telephone and Video

Hires Representation: Agent, Attorney, CPA

Participates via an Affidavit

PROPERTY OWNER APPEARANCE

- Property Owners must identify representation through documentation the day of the hearing or in advance.
- Attorneys licensed in Texas may represent their clients without an Authorization of Agent (AOA)
- Business owners or employees may represent the business without an AOA

PROPERTY OWNER APPEARANCE

If the property owner or agent fails to appear at the hearing, the PO forfeits the protest

- The ARB should dismiss without considering the merits
- Subject to the PO's four-day right to request a new hearing
- PO has no right to appeal

ARB PROCESS & PROCEDURES

Informals HB 988

- Every protesting property owner has the right to an informal hearing or conference directly with the AD.
- The ***notice of appraised value*** advises the property owner of this right.
- Property Owners may attend an informal and then request an ARB Hearing if there is no agreement, or protest directly to the ARB.

ARB PROCESS & PROCEDURES

ARB Model Hearing Procedures (MHP) HB 988

- The Comptroller creates Model Hearing Procedures
- County ARB procedures must “incorporate” the Comptroller’s MHP
- ARB’s must hold a public hearing each year in connection with adopting its hearing procedures by May 15th
- A copy must be sent to the Comptroller within 15 days
- Comptroller will review and approve or require change

ARB PROCESS & PROCEDURES

ARB Model Hearing Procedures

- May include supplemental things
- Must be posted on AD website
- Required to be on display “In a prominent place” in every hearing room

EVALUATION OF EVIDENCE

ARB members are tasked to evaluate the evidence and listen to testimony by both parties, remain neutral, and make a decision based on Texas property code.

To assist members of the ARB, the State of Texas Comptroller's Department requires the following:

New Member Training: Conducted by the State, approx. 8 hours and 1 hour each re: Public Information, and Open Meetings

EVALUATION OF EVIDENCE

Required Training:

New Member Training: Conducted by the State, approx. 8 hours and 1 hour each re: Public Information, and Open Meetings

Returning Members: Approx. 3.5 hours each year of training conducted by the State of Texas Comptroller's office.

EVALUATION OF EVIDENCE

Burden of Proof 41.41 (a)(1), (2), 41.43

In a hearing, the AD has to substantiate the value of property, generally, by a preponderance of evidence.

Certain situations require holding the AD to a higher standard of **clear and convincing**

(Discussion of these situations & by property type)

EVALUATION OF EVIDENCE

What is in dispute?

Residential -

Did the property owner bring evidence such as valid estimates, dated pictures, independent appraisals, or comps?

EVALUATION OF EVIDENCE

What is in dispute?

Personal Property

Did the property owner file a proper rendition?

Did the property owner depreciate their FFE?

Did the AD do a recent inspection?

Is the AD using a model?

Does the Industry/Business code match the business?

EVALUATION OF EVIDENCE

What is in dispute?

Land

Does the property still qualify for the exemption?

What is the market for the property in the area and/or current condition?

Is there a recent sale or settlement agreement?

EVALUATION OF EVIDENCE

Evidence Evaluation and Review:

Commercial

Key differences between the parties

- Model vs actuals or model versus model?
- Cap rate and reason for difference
- Type of structure, age and location of the property
- Expenses
- Uniform and equal comparison



EVALUATION OF EVIDENCE

Qualities of a Successful Hearing
Discussion