

## Texas Tax Protest Changes

In the past, homeowners who protested property-tax values and were unsatisfied with the Appraisal Review Board's (ARB) decision had only one recourse, appeal the ARB's decision to district court. But the cost of filing in district court could be high, with \$5,000 being the average cost of filing.

But as of Jan. 1, 2006, a new, less-expensive, way to appeal the decision rendered by the appraisal review board is available: binding arbitration. Binding arbitration may only be used in cases concerning property values and you may not resort to arbitration if you were denied a tax exemption. Also, you may not use binding arbitration if the property is valued at more than one million dollars.

However, if you do go forward with binding arbitration, be aware that once a decision regarding your appraisal is reached the agreement is binding, hence the term, and must be accepted by the appraisal district and the property owner.



The process is fairly simple. The property owner is responsible for paying a \$500 deposit up front, which covers the cost of arbitration. Then, the two parties, homeowner and appraisal district, must agree on an arbitrator or one will be randomly selected by the Texas comptroller's office, which administers the appointment of arbitrators. The arbitrator will decide only the value of the property, and that decision is final. If the arbitrator's decision is closer to the value the property owner claimed, the property owner's deposit will be returned (less a \$50 administrative fee). If the arbitrator decides a value nearer what the appraisal district claimed, then the \$50 administrative fee and the arbitrator's fee is paid out of the property owner's deposit, and any remaining funds are then returned to the property owner.