

## **Binding Arbitration**

If a property owner is not satisfied with the outcome of an ARB hearing, one available option is to pursue binding arbitration. The deadline to file with the Comptroller's Office through HCAD is 45 days from the date of receiving the Order of Determination letter from the ARB following the hearing.

The 84<sup>th</sup> Regular Session of the Texas Legislature made changes to three sections on Binding Arbitration in the Texas Property Tax Code: Sections 41A.03, 41A.05 & 41A.06. Effective September 1, 2015, the following changes are in effect for residential and commercial properties.

Residential: Properties with a homestead exemption (as before) have no dollar limit on market value in order to be eligible for binding arbitration. Residential properties without a homestead exemption now have the upper limit of market value extended from \$1 million to \$3 million. The "market value" means the market value as determined by the ARB.

Commercial: Commercial properties are not eligible for the homestead exemption, so all commercial properties are considered "non-homestead properties" and have the new upper limit of \$3 million.

A graduated scale for the deposit to the comptroller ranges from \$450 to \$1,050 based on the property's market value. Below is the scale, first for homestead properties, then for all "non-homestead properties", including both residential with no homestead exemption and all commercial properties.

<u>Homestead properties – market value of:</u>	<u>Required Deposit with Comptroller</u>
\$500,000 or less	\$450
More than \$500,000	\$500

  

<u>Non-homestead properties – market value of:</u>	<u>Required Deposit with Comptroller</u>
\$1 million or less	\$500
More than \$1 million but not more than \$2 million	\$800
More than \$2 million but not more than \$3 million	\$1,050

The comptroller retains \$50 of the deposit to cover administrative costs. The required deposit shown above covers this \$50 for the comptroller plus the arbitrator's fee below. A graduated scale for the arbitrator's fee ranges from \$400 to \$1,000 based on market value. Depending on who prevails at the arbitration, the arbitrator's fee is paid by the losing party. If the property owner prevails, the portion of the deposit for the arbitrator's fee is returned.

<u>Homestead properties – market value of:</u>	<u>Arbitrator's Fee</u>
\$500,000 or less	\$400
More than \$500,000	\$450

  

<u>Non-homestead properties – market value of:</u>	<u>Arbitrator's Fee</u>
\$1 million or less	\$450
More than \$1 million but not more than \$2 million	\$750
More than \$2 million but not more than \$3 million	\$1,000