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## [Property Tax Assistance](#)

# PROPERTY TAX BINDING ARBITRATION FOR PROPERTY OWNERS - FREQUENTLY ASKED QUESTIONS

Tax Code Chapter 41A gives property owners meeting certain criteria the option of requesting binding arbitration as an alternative to filing an appeal of an appraisal review board (ARB) decision to state district court. Below is a list of frequently asked questions regarding this program and what is required for property owners to qualify.

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### [What is binding arbitration?](#)

Generally, in binding arbitration, an independent, neutral arbitrator hears and examines the facts of an appeal and makes a decision that is binding on both parties. More specifically, binding arbitration, in the context of property value disputes, creates a forum in which both parties to a dispute present their positions before an impartial third party, who renders a specific award that is enforceable by law and may only be appealed as provided by Civil Practices and Remedies Code Section 171.088, for purposes of vacating an award.

### [Who qualifies for arbitration?](#)

A property owner may request binding arbitration if:

- the property in dispute is real or personal property;
- the ARB has issued a determination on the appraised or market value of the property or an unequal appraisal determination;
- the disputed property's value, as determined by the ARB, does not exceed \$5 million, except for residence homesteads for which there is no value limit;
- taxes have been timely paid; and
- a lawsuit has not been filed in district court on the same matter.

## [What appraisal disputes do not qualify for arbitration?](#)

Binding arbitration is not available if:

- the ARB has not heard the protest and issued an order of determination;
- the order of determination concerns a correction to the appraisal roll under Tax Code Section 25.25;
- more than 60 days have passed since the property owner received the order of determination;
- the dispute concerns anything other than whether the correct value has been assigned to the property, such as failure to grant an exemption or productivity appraisal;
- the property that is not a residence homestead is valued at more than \$5 million as determined by the order of determination; or
- the ARB issued any document other than an order of determination, including but not limited to a dismissal notice, an order of dismissal or documentation stating the ARB lacks jurisdiction.

## [What is an ARB?](#)

An ARB is a neutral, impartial group of individuals appointed by an appraisal district board of directors or a local administrative district judge to resolve formal disputes between taxpayers and the appraisal district.

ARB hearings typically run from June to August. The ARB listens to both sides and rules on property owner protests. An ARB issues an order determining the outcome of a property owner's protest.

## [Are there restrictions on when I can file for binding arbitration?](#)

A request for binding arbitration with deposit must be filed with the appraisal district within 60 days of the property owner receiving the order of determination. **Please do not file the request with the Comptroller of Public Accounts - you will probably miss the 60-day deadline.**

## [Have property owners always been able to arbitrate a dispute with the appraisal district?](#)

Since 1991, judges of state district courts were allowed to appoint arbitrators in certain cases. Binding arbitration was allowed if the property owner and the appraisal district both agreed to the process and nonbinding arbitration was permitted without the consent of the appraisal district. The 2005 Texas Legislature changed the law to expand the arbitration process. The law now allows certain property owners who are dissatisfied with a value decision of an ARB to request binding arbitration without filing a lawsuit in district court.

## [How do I request binding arbitration?](#)

The property owner must complete and file **all** of the following with the county appraisal district within 60 days of receiving the order of determination:

- Comptroller Form AP-219, [Request for Binding Arbitration](#);
- a copy of the ARB order being appealed; and
- the required deposit.

The required deposit must be paid by a money order or a check issued and guaranteed by a banking institution, such as a cashier's or teller's check, made payable to the Comptroller of Public Accounts in the amount required based on the type of property and the ARB's determination of the property's

market or appraised value. Personal checks, cash or any other form of payment not mentioned above cannot be accepted by the appraisal district.

**Do not file the request with the Comptroller's office - you will probably miss your 60-day deadline.** The Comptroller's office cannot process the request without the appraisal district's completion of the request. The Comptroller's office cannot forward your request to the appraisal district and must return the request and payment to you. The Comptroller's office is not responsible for misfiled applications.

You should receive Comptroller Form AP-219, [Request for Binding Arbitration](#), and a notice of the property owner's rights with the order of determination issued by the ARB. If you do not receive Comptroller Form AP-219, [Request for Binding Arbitration](#) form and think you qualify for arbitration, contact your county appraisal district.

## **Additional Resources**

[Form AP-219, Request for Binding Arbitration](#)  
[What is binding arbitration for contiguous property?](#)

Binding arbitration for contiguous tracts of land is an appeal that allows a property owner to file one arbitration request for two or more tracts of land, with only one deposit, to be heard in a single arbitration hearing. The deposit for contiguous arbitration equals the amount of the deposit for the single tract of land with the highest appraised or market value of all the tracts, as reflected on the ARB order.

Contiguous property means improved or unimproved tracts of land that are touching or that share a common boundary, as determined using appraisal district records or legal descriptions of the tracts and are owned by the same property owner.

[What happens after the property owner submits the request to the appraisal district?](#)

The appraisal district must complete the application and forward the request and the money order or cashier's check to the Comptroller's office within 10 days. An appraisal district must reject any request that does not include a sufficient deposit. Some appraisal districts may contact you concerning your request during this period.

[Does it cost anything to arbitrate my dispute?](#)

To request binding arbitration, the property owner must include a cashier's check or money order payable to the Comptroller of Public Accounts in the required amount based on the type of property and ARB's determination of the property's market or appraised value. The deposit must be delivered with the application and ARB order by certified first-class mail or hand delivery to the appraisal district; not to the Comptroller's office. Regardless of the outcome, including withdrawal of your request or denial of your request, the Comptroller's office retains \$50 of the deposit for administrative costs.

If the property owner wins the dispute (the arbitrator sets a value for the property nearer to the owner's opinion of value than the ARB's determination as shown on the request form), the property owner will be refunded his or her deposit less the Comptroller's \$50 fee for administrative costs. The appraisal district is then required to pay the arbitrator's fees. If the arbitrator's assigned value is not nearer to the owner's opinion of value than the appraisal district's value, the arbitrator is paid from the

property owner's deposit. If the arbitrator charges less than the full deposit, any remainder will be refunded to the property owner.

The chart below indicates the amount of property owner deposit required and the amount of arbitrator fee allowed based on the type of property and the ARB's determination of the property's market or appraised value.

<b>Arbitration Deposit and Arbitrator Fee Schedule</b>			
<b>Property Type</b>	<b>Appraised or Market Value</b>	<b>Deposit</b>	<b>Arbitrator Fee</b>
Residence homestead	\$500,000 or less	\$ 450	\$ 400
Residence homestead	More than \$500,000	\$500	\$450
Not residence homestead	\$1 million or less	\$500	\$450
Not residence homestead	More than \$1 million but not more than \$2 million	\$800	\$750
Not residence homestead	More than \$2 million but not more than \$3 million	\$1,050	\$1,000
Not residence homestead	More than \$3 million but not more than \$5 million	\$1,550	\$1,500

Note: Tax Code Section 41A.05(b) allows the Comptroller's office to retain \$50 of the deposit to cover administrative costs.

### [How are arbitrators assigned?](#)

Starting with arbitrations received by the Comptroller's office on or after Sept. 1, 2017, arbitrators are automatically assigned to an arbitration upon acceptance of the request by the Comptroller.

Arbitrations are assigned first to those arbitrators living in the county where the arbitration originated. If there are not any arbitrators living in the county, or if all arbitrators in the county decline the assignment, the assignment is made from a statewide list of all arbitrators.

Arbitrators are not eligible to be assigned to arbitrations in those counties where, within the preceding five years, they have:

- served as an appraisal district officer or employee;
- served as an ARB member;
- represented a person or entity for compensation in any Tax Code proceeding, including:
  - a notice of protest filing;
  - communications with appraisal district employees regarding a protested matter;
  - protest settlement negotiations;
  - any appearance at an ARB hearing
  - any involvement in binding arbitration; or
  - any involvement in either the district court or appellate court level of an appeal pursued under Tax Code Chapter 42; or
- served as an officer or employee of any firm, company or other legal entity that has represented a person or entity in any Tax Code proceeding (defined above).

### [What should I do if I discover that information about an arbitrator on the arbitrator registry is incorrect?](#)

You should immediately inform the Comptroller's office in writing or by email about any discrepancies or outdated information concerning an individual on the arbitrator registry.

## Does the Comptroller's office have the authority to intervene in arbitrations?

The Comptroller's office is prohibited by rule from giving advice or direction on a matter relating to a pending arbitration. Comptroller staff members are responsible for assigning arbitrators, maintaining the arbitrator registry, processing the requests for binding arbitration, remitting payment to the arbitrator when appropriate and/or refunding part of the property owner's deposit, if applicable.

## What if I change my mind and decide not to arbitrate? Can I get my money back?

Once an arbitration request is accepted by the Comptroller's office, you will enter a 45-day settlement period with the appraisal district before an arbitrator is assigned to the case. An arbitration case may be withdrawn during this 45-day settlement period by notifying the Comptroller's office and the appraisal district in writing. The Comptroller's office provides [Form 50-830](#), Notice of Arbitration Withdrawal, that may be used for this purpose.

If your case is withdrawn during the 45-day settlement, you will receive a refund of your deposit, less the Comptroller's \$50 administrative fee.

If your case is withdrawn after it has been assigned to and accepted by an arbitrator, the arbitrator is entitled to charge up to the full fee amount for the arbitration. You will only receive a refund of the remaining deposit, if any, after payment of the Comptroller's \$50 administrative fee and the arbitrator's fee.

You must request a withdrawal in **writing** to the Comptroller's office, the appraisal district and the arbitrator if one has been assigned. An oral request for withdrawal will not be accepted. Requests for withdrawal to the Comptroller's office can be mailed to P.O. Box 13528, Austin, Texas 78711 or hand delivered to 1711 San Jacinto, Austin, Texas 78701. The requests can also be faxed to the Comptroller's office at 512-463-8354 or emailed to [ptad.cpa@cpa.texas.gov](mailto:ptad.cpa@cpa.texas.gov).

## Why would an appraisal district reject my request for arbitration?

The appraisal district may reject the request for arbitration if the requisite cashier's check or money order is not provided by the property owner or the amount of the check is insufficient. This is the only reason the appraisal district may reject a request. All other determinations must be made by the Comptroller's office. Each request for arbitration must be accompanied by a deposit in the required amount as set out in the [Arbitration Deposit and Arbitrator Fee Schedule](#).

## Why would the Comptroller's office reject my request?

There are a number of reasons why a request for arbitration could be rejected. Some reasons are:

- more than 60 days have passed since the order of determination was received and the appraisal district did not receive the request;
- the property owner's agent is not qualified to represent the property owner;
- the taxes on the subject property are (or have become) delinquent;
- the disputed real or personal property is appraised at more than \$5 million by the order of determination, unless the property is a residence homestead;
- the issue in dispute is not about appraised or market value or equality and uniformity;
- the order of determination was for a correction to the appraisal roll under Tax Code Section 25.25;
- the deposit is not included or the amount of the deposit is incorrect; or

- the property owner or agent does not provide additional information requested by the Comptroller's office within 15 days of the request.

### [What happens if my arbitration request is rejected?](#)

The Comptroller's office will refund the deposit for a rejected request for binding arbitration, minus the Comptroller's \$50 fee.

### [After the arbitrator is chosen, what happens?](#)

The arbitrator is encouraged to contact both the property owner and the appraisal district by telephone or email to arrange a date, time and location for the arbitration. The arbitrator must manage the arbitration according to Tax Code Section 41A.08 and Comptroller rules.

The arbitrator is required to provide a set of procedures that will be used in the arbitration proceedings. The arbitrator will also follow certain provisions of the Tax Code and the Civil Practices and Remedies Code.

After hearing both sides, the arbitrator must render a decision and complete Comptroller Form 50-704, *Arbitration Determination and Award*. The arbitrator must send the completed form to the Comptroller's office and copies to the property owner and the appraisal district by mail, fax or email. After the Comptroller's office receives this form, the Comptroller's office will send either a payment to the arbitrator or a refund to the property owner, or in some instances both, after retaining the \$50 fee for administrative costs.

### [Who may represent a property owner in a request for binding arbitration?](#)

The parties to arbitration may represent themselves or be represented by an attorney, a licensed real estate broker or sales agent, a certified real estate appraiser, a property tax consultant or a certified public accountant. These agents must have written authorization ([Comptroller Form 50-791](#)) signed by the property owner.

## **Additional Resources**

[Form 50-791, Appointment of Agent\(s\) for Binding Arbitration](#) (PDF)

[May I arbitrate and appeal the decision in district court?](#)

The arbitration proceedings are binding. An arbitration award may be vacated under limited situations (Civil Practices and Remedies Code Section 171.088). An appeal of the arbitrator's award in district court cannot be filed if you are simply dissatisfied with the value determination.

### [What if the arbitrator does not follow Comptroller arbitration rules or other law?](#)

The integrity of the arbitrator registry is very important. Therefore, all parties should become familiar with Comptroller arbitration rules and applicable provisions of the Tax Code and Civil Practices and Remedies Code. The Comptroller's office is not the licensing or certifying authority for the arbitrators on the registry. The Comptroller's role is to place an arbitrator's name on the registry after receipt of an application with accompanying qualifying documentation to be on the registry. Only complaints concerning whether the arbitrator meets the statutory requirements to be on the registry should be directed to the Comptroller's office.

The Comptroller's office may remove an arbitrator from the registry for good cause. Comptroller Rule 9.4262 includes the following grounds as good cause for removal:

- the person has violated one or more provisions of Comptroller Rule 9.4260, relating to Arbitrator Duties, Comptroller Rule 9.4261, relating to Provision of Arbitration Services, or Comptroller Rule 9.4263(d), relating to 20-day deadline for arbitrator to issue determination and award; or
- the person has engaged in repeated instances of bias or misconduct while acting as an arbitrator.

All other complaints should be directed to the appropriate licensing or certification authority.

### [How can I request an arbitrator be removed from the registry?](#)

A person may request the removal of an arbitrator from the registry by filing a complaint with the comptroller's Property Tax Assistance Division within 60 calendar days of the last incident giving rise to the request. The request must contain the following items:

- a letter, addressed to the division director and signed by the requestor/complainant, that identifies the arbitrator sought to be removed and the grounds under Comptroller Rule 9.4262(b) that constitute good cause for removal;
- at least one sworn statement from an individual with first-hand knowledge of the conduct complained of that sets forth the facts in detail to support the grounds for removal; and
- for grounds for removal as listed above of this FAQ, copies of all available communications exchanged between the arbitrator and the parties, including emails, documents, and any other materials, as well as electronic video or audio recordings.

### [Am I required to follow the Comptroller's arbitration rules?](#)

Failure to follow Comptroller rules, relevant provisions of the Tax Code and Civil Practices and Remedies Code, or the arbitrator's procedures could have negative consequences, including but not limited to the following:

- rejection of the request for binding arbitration;
- loss of deposit; and
- dismissal of the arbitration.

### [Do I have to physically attend a formal hearing?](#)

The property owner may request to have the arbitration in person, by teleconference or by submitting written documentation to the arbitrator. However, unless the property owner and the appraisal district both agree to arbitration by submission of written documents the arbitration will be conducted in person or by teleconference.

### [May I request that the Comptroller's office put my arbitration on hold while I conduct other business?](#)

The Comptroller's office does not have the authority to delay your arbitration. You must contact the arbitrator directly to make this request. Any such arrangement involves the property owner and the arbitrator. The Comptroller's office is not a party to this decision. Comptroller rules encourage arbitrators to conclude all arbitrations within 120 days of being assigned to be the arbitrator.

### [Who decides where and when a hearing will occur?](#)

The arbitrator is responsible for arranging the location and time of the arbitration, and will presumably work with the parties involved in that decision. In-person hearings are to take place in the county where the appraisal district office is located and from which the ARB's determination was issued; however, the arbitration can be conducted elsewhere, if the parties agree.

### [As a result of arbitration, may your property's value on the appraisal roll be increased above the amount of the order of determination?](#)

The chief appraiser may only correct the appraisal roll if the arbitration award is below the order of determination.

### [What if I disagree with the outcome of the arbitration?](#)

The decision of the arbitrator is final and binding on both parties. By arbitrating the dispute you agreed to abide by the arbitrator's decision.

### [What if I have questions?](#)

For more information, visit our [website](#).

The following is contact information for the Information and Customer Service Team:

Mailing address:

Comptroller of Public Accounts  
Property Tax Assistance Division  
Attn: Arbitration  
P. O. Box 13528  
Austin, Texas 78711

Email address: [ptad.cpa@cpa.texas.gov](mailto:ptad.cpa@cpa.texas.gov)

Phone: [800-252-9121](tel:800-252-9121)

Fax: [512-463-8354](tel:512-463-8354)