

Property:

Texas Supreme Court Prohibits Localities from Entering into Contracts on Contingent-Fee Basis

Case No. 22-0313, Tex. (4/28/23). In a case involving whether a Texas school district may retain a lawyer on a contingent-fee basis to prosecute litigation designed to increase the appraised value of property to generate more tax receipts for the locality, the Texas Supreme Court (Court) concluded that no Texas statute expressly authorizes a school district to do so and authority for such an arrangement “cannot be implied from a school district’s express authority to bring litigation regarding appraisals.” Because the school district lacked legal authority to engage its attorney on a contingent-fee basis to bring the appraisal litigation, the Court held that the lower district court correctly granted the “Rule 12 motion” challenging the attorney’s authority to represent the locality. However, according to the Court, dismissal of the school district’s case with prejudice was not the proper remedy under Rule 12, because the school district “must be afforded the opportunity to adjust its contract with its attorney or to substitute other counsel if it wishes to continue prosecuting this lawsuit.” Accordingly, the Court remanded the case to the district court for such purpose. Please contact us with any questions.

URL: <https://search.txcourts.gov/SearchMedia.aspx?MediaVersionID=2b6930e6-2396-4609-bd21-ebc8e728b320&coa=cossup&DT=OPINION&MediaID=fd122bfa-185f-48ed-abec-a9f32b0a175d>

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