2019 Property Tax Code Supplement

and other laws relevant to
property tax professionals

Code sections
as amended by the 86th Legislature

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The attached recapitulation of Tax Code sections as amended by the 2019 session of the Legislature is intended for the convenience of LSEJ clients and is not in itself legal advice. LSEJ does not warrant the comprehensiveness of the following. Please consult your attorney for certainty on the current and future status of the law.

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Texas Constitution

Article VII, Section 5

H.J.R. 195

SECTION 1. **Section 5(g), Article VII, Texas Constitution, is amended** to read as follows:

(g) Notwithstanding any other provision of this constitution or of a statute, **the State Board of Education,** the General Land Office, or **another** ~~[an]~~ entity ~~[other than the State Board of Education]~~ that has responsibility for the management of **revenues derived from** permanent school fund land or other properties may**,** in its sole discretion **and in addition to other distributions authorized under this constitution or a statute,** distribute to the available school fund each year revenue derived during that year from the land or properties, not to exceed **$600** ~~[$300]~~ million **by each entity** each year.

Article VIII, Section 1

H.J.R. 95

SECTION 1. Article VIII, Texas Constitution, is amended by **adding Section 1-p** to read as follows:

Sec. 1-p. The legislature by general law may exempt from ad valorem taxation precious metal held in a precious metal depository located in this state. The legislature by general law may define "precious metal" and "precious metal depository" for purposes of this section.

H.J.R. 34

SECTION 1. Section 2, Article VIII, Texas Constitution, is amended by **adding Subsection (e)** to read as follows:

(e) The Legislature by general law may provide that a person who owns property located in an area declared by the governor to be a disaster area following a disaster is entitled to a temporary exemption from ad valorem taxation by a political subdivision of a portion of the appraised value of that property. The general law may provide that if the governor first declares territory in the political subdivision to be a disaster area as a result of a disaster on or after the date the political subdivision adopts a tax rate for the tax year in which the declaration is issued, a person is entitled to the exemption authorized by this subsection for that tax year only if the exemption is adopted by the governing body of the political subdivision. The Legislature by general law may prescribe the method of determining the amount of the exemption authorized by this subsection and the duration of the exemption and may provide additional eligibility requirements for the exemption.

Texas Tax Code

§ 1.04

S.B. 1943

SECTION 1. Section 1.04, Tax Code, is amended by **adding Subdivisions (20) and (21)** to read as follows:

§ 1.04. Definitions

In this title:

(1) “Property” means any matter or thing capable of private ownership.

(2) “Real property” means:

(A) land;

(B) an improvement;

(C) a mine or quarry;

(D) a mineral in place;

(E) standing timber; or

(F) an estate or interest, other than a mortgage or deed of trust creating a lien on property or an interest securing payment or performance of an obligation, in a property enumerated in Paragraphs (A) through (E) of this subdivision.

(3) “Improvement” means:

(A) a building, structure, fixture, or fence erected on or affixed to land;

(B) a transportable structure that is designed to be occupied for residential or business purposes, whether or not it is affixed to land, if the owner of the structure owns the land on which it is located, unless the structure is unoccupied and held for sale or normally is located at a particular place only temporarily; or

(C) for purposes of an entity created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, the:

(i) subdivision of land by plat;

(ii) installation of water, sewer, or drainage lines; or

(iii) paving of undeveloped land.

(3-a) Notwithstanding anything contained herein to the contrary, a manufactured home is an improvement to real property only if the owner of the home has elected to treat the manufactured home as real property pursuant to Section 1201.2055, Occupations Code, and a copy of the statement of ownership has been filed with the real property records of the county in which the home is located as provided in Section 1201.2055(d), Occupations Code.

(4) "Personal property" means property that is not real property.

(5) "Tangible personal property" means personal property that can be seen, weighed, measured, felt, or otherwise perceived by the senses, but does not include a document or other perceptible object that constitutes evidence of a valuable interest, claim, or right and has negligible or no intrinsic value.

(6) "Intangible personal property" means a claim, interest (other than an interest in tangible property), right, or other thing that has value but cannot be seen, felt, weighed, measured, or otherwise perceived by the senses, although its existence may be evidenced by a document. It includes a stock, bond, note or account receivable, franchise, license or permit, demand or time deposit, certificate of deposit, share account, share certificate account, share deposit account, insurance policy, annuity, pension, cause of action, contract, and goodwill.

(7) "Market value" means the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

(A) exposed for sale in the open market with a reasonable time for the seller to find a purchaser;

(B) both the seller and the purchaser know of all the uses and purposes to which the property is adapted and for which it is capable of being used and of the enforceable restrictions on its use; and

(C) both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

(8) “Appraised value” means the value determined as provided by Chapter 23 of this code.

(9) “Assessed value” means, for the purposes of assessment of property for taxation, the amount determined by multiplying the appraised value by the applicable assessment ratio, but, for the purposes of determining the debt limitation imposed by Article III, Section 52, of the Texas Constitution, shall mean the market value of the property recorded by the chief appraiser.

(10) “Taxable value” means the amount determined by deducting from assessed value the amount of any applicable partial exemption.

(11) “Partial exemption” means an exemption of part of the value of taxable property.

(12) “Taxing unit” means a county, an incorporated city or town (including a home-rule city), a school district, a special district or authority (including a junior college district, a hospital district, a district created by or pursuant to the Water Code, a mosquito control district, a fire prevention district, or a noxious weed control district), or any other political unit of this state, whether created by or pursuant to the constitution or a local, special, or general law, that is authorized to impose and is imposing ad valorem taxes on property even if the governing body of another political unit determines the tax rate for the unit or otherwise governs its affairs.

(13) “Tax year” means the calendar year.

(14) “Assessor” means the officer or employee responsible for assessing property taxes as provided by Chapter 26 of this code for a taxing unit by whatever title he is designated.

(15) “Collector” means the officer or employee responsible for collecting property taxes for a taxing unit by whatever title he is designated.

(16) “Possessory interest” means an interest that exists as a result of possession or exclusive use or a right to possession or exclusive use of a property and that is unaccompanied by ownership of a fee simple or life estate in the property. However, “possessory interest” does not include an interest, whether of limited or indeterminate duration, that involves a right to exhaust a portion of a real property.

(17) “Conservation and reclamation district” means a district created under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution, or under a

statute enacted under Article III, Section 52, or Article XVI, Section 59, of the Texas Constitution.

(18) “Clerical error” means an error:

(A) that is or results from a mistake or failure in writing, copying, transcribing, entering or retrieving computer data, computing, or calculating; or

(B) that prevents an appraisal roll or a tax roll from accurately reflecting a finding or determination made by the chief appraiser, the appraisal review board, or the assessor; however, “clerical error” does not include an error that is or results from a mistake in judgment or reasoning in the making of the finding or determination.

(19) “Comptroller” means the Comptroller of Public Accounts of the State of Texas.

(20) "Heir property" means real property:

(A) owned by one or more individuals, at least one of whom claims the property as the individual's residence homestead; and

(B) acquired by the owner or owners by will, transfer on death deed, or intestacy, regardless of whether the interests of the owners are recorded in the real property records of the county in which the property is located.

(21) "Heir property owner" means an owner of heir property who claims the property as the individual's residence homestead.

Effective: September 1, 2019

SECTION 11. Not later than January 1, 2020, the comptroller of public accounts shall make available the pamphlet required by Section 5.061, Tax Code, as added by this Act."

SECTION 12. The changes in law made by this Act apply only to an ad valorem tax year that begins on or after the effective date of this Act.

§ 1.045

S.B. 2

SECTION 2. Chapter 1, Tax Code, is amended by **adding Section 1.045** to read as follows:

Sec. 1.045. A REFERENCE TO CERTAIN TERMS IN LAW.

Unless the context indicates otherwise:

(1) a reference in law to a taxing unit 's effective maintenance and operations rate is a reference to the taxing unit 's no-new-revenue maintenance and operations rate, as defined by Chapter 26;

(2) a reference in law to a taxing unit 's effective tax rate is a reference to the taxing unit 's no-new-revenue tax rate, as defined by Chapter 26; and

(3) a reference in law to a taxing unit 's rollback tax rate is a reference to the taxing unit 's voter-approval tax rate, as defined by Chapter 26.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 1.07

S.B. 2

SECTION 3. Section 1.07**(a), Tax Code, is amended** to read as follows:

§ 1.07. Delivery of Notice

(a) An official or agency required by this title to deliver a notice to a property owner may deliver the notice by regular first-class mail, with postage prepaid, unless this section or another provision of this title requires or authorizes a different method of delivery or the parties agree that the notice must be delivered as provided by Section 1.085**, or 1.086**.

(b) The official or agency shall address the notice to the property owner, the person designated under Section 1.111(f) to receive the notice for the property owner, if that section applies, or, if appropriate, the property owner's agent at the agent's address according to the most recent record in the possession of the official or agency. However, if a property owner files a written request with the appraisal district that notices be sent to a particular address, the official or agency shall send the notice to the address stated in the request.

(c) A notice permitted to be delivered by first-class mail by this section is presumed delivered when it is deposited in the mail. This presumption is rebuttable when evidence of failure to receive notice is provided.

(d) A notice required by Section 11.43(q),11.45(d), 23.44(d), 23.46(c) or (f), 23.54(e), 23.541(c), 23.55(e), 23.551(a), 23.57(d), 23.76(e), 23.79(d), or 23.85(d) must be sent by certified mail.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 1.071

S.B. 1856

SECTION 1. Chapter 1, Tax Code, is amended by **adding Section 1.071** to read as follows:

Sec. 1.071. DELIVERY OF REFUND.

(a) A collector or taxing unit required by this title to deliver a refund to a person shall send the refund to the person's mailing address as listed on the appraisal roll.

(b) Notwithstanding Subsection (a), if a person files a written request with the collector or taxing unit that a refund owed to the person be sent to a particular address, the collector or taxing unit shall send the refund to the address stated in the request.

Effective: September 1, 2019

SECTION 7. The change in law made by this Act applies only to a refund made on or after the effective date of this Act. A refund made before the effective date of this Act is governed by the aw in effect on the date the refund was made, and the former law is continued in effect for that purpose.

§ 1.085

S.B. 2

SECTION 4. Section 1.085**(a), Tax Code, is amended** to read as follows:

§ 1.085. Communication in Electronic Format

(a) Notwithstanding any other provision in this title and except as provided by this section, any notice, rendition, application form, or completed application, **or information requested under Section 41.461(a)(2)** that is required or permitted by this title to be delivered between a chief appraiser, an appraisal district, an appraisal review board, or any combination of those persons and a property owner or ~~[between a chief appraiser, an appraisal district, an appraisal review board, or any combination of those persons and]~~ a person designated by a property owner under Section 1.111(f) may be delivered in an electronic format if the chief appraiser and the property owner or person designated by the owner agree under this section.

(b) An agreement between a chief appraiser and a property owner, or the person designated by the owner under Section 1.111(f), must:

(1) be in writing or in an electronic form;

(2) be signed by the chief appraiser;

(3) be signed by the property owner or person designated by the owner in a form acceptable to the chief appraiser; and

(4) specify:

(A) the medium of communication;

(B) the type of communication covered;

(C) the means for protecting the security of a communication;

(D) the means for confirming delivery of a communication; and

(E) the electronic mail address of the property owner or person designated by the property owner, as applicable.

(c) An agreement may address other matters.

(d) Unless otherwise provided by an agreement, the delivery of any information in an electronic format is effective on receipt by a chief appraiser, an appraisal district, an appraisal review board, a property owner, or a person designated by a property owner. An agreement entered into under this section remains in effect until rescinded in writing by the property owner or person designated by the owner.

(e) The comptroller by rule:

(1) shall prescribe acceptable media, formats, content, and methods for the electronic transmission of notices required by Section 25.19; and

(2) may prescribe acceptable media, formats, content, and methods for the electronic transmission of other notices, renditions, and applications.

(f) In an agreement entered into under this section, a chief appraiser may select the medium, format, content, and method to be used by the appraisal district from among those prescribed by the comptroller under Subsection (e). If the comptroller has not prescribed the media, format, content, and method applicable to the communication, the chief appraiser may determine the medium, format, content, and method to be used.

(g) Notwithstanding Subsection (a), if a property owner whose property is included in 25 or more accounts in the appraisal records of the appraisal district requests the chief appraiser to enter into an agreement for the delivery of the notice required by Section 25.19 in an electronic format, the chief appraiser must enter into an agreement under this section for that purpose if the appraisal district is located in a county that has a population of more than 200,000. If the chief appraiser must enter into an agreement under this subsection, the chief appraiser shall deliver the notice in accordance with an electronic medium, format, content, and method prescribed by the comptroller under Subsection (e). If the comptroller has not prescribed the media, format, content, and method applicable to the notice, the chief appraiser may determine the medium, format, content, and method to be used.

(h) This subsection applies to the chief appraiser of an appraisal district only if the appraisal district is located in a county described by Subsection (g) or the chief appraiser has decided to authorize electronic communication under this section and the appraisal district has implemented a system that allows such communication. The chief appraiser shall provide notice regarding the availability of agreement forms authorizing electronic communication under this section. The chief appraiser shall provide the notice by:

(1) publishing a notice in a newspaper having general circulation in the district at least once on or before February 1 of each year that includes the words “Notice of Availability of Electronic Communications”; or

(2) delivering the agreement form on or before February 1, or as soon as practicable after that date, to each owner of property shown on the certified appraisal roll for the preceding tax year and on or before February 1 of each

subsequent year, or as soon as practicable after that date, to each new owner of property shown on the certified appraisal roll for the preceding tax year.

(i) A property owner or a person designated by the property owner who enters into an agreement under this section that has not been rescinded shall notify the appraisal district of a change in the electronic mail address specified in the agreement before the first April 1 that occurs following the change. If notification is not received by the appraisal district before that date, until notification is received, any notices delivered under the agreement to the property owner or person designated by the owner are considered to be timely delivered.

(j) An electronic signature that is included in any notice, rendition, application form, or completed application subject to an agreement under this section and that is required by Chapters 11, 22, 23, 24, 25, 26, and 41 shall be considered to be a digital signature for purposes of Section 2054.060, Government Code, and that section applies to the electronic signature.

(k) Unless the chief appraiser is required to enter an agreement under this section, a decision by the chief appraiser not to enter into an agreement under this section may not be reviewed by the appraisal review board or be the subject of:

(1) a suit to compel;

(2) a protest under Section 41.41;

(3) an appeal under Chapter 42; or

(4) a complaint under Chapter 1151, Occupations Code.

(l) Unless the chief appraiser and the property owner or person designated by the owner agree otherwise under Subsection (b), the chief appraiser, appraisal district, or appraisal review board shall deliver a notice electronically in a manner that allows for confirmation of receipt by the property owner or the person designated by the owner, such as electronic mail. If confirmation of receipt is not received by the 30th day following the date the electronic notice is delivered, the chief appraiser, appraisal district, or appraisal review board, as applicable, shall deliver the notice to the property owner or the person designated by the owner in the manner provided by Section 1.07.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

H.B. 1060

SECTION 1. Section 1.085, Tax Code, is amended by **adding Subsection (m)** to read as follows:

(m) Notwithstanding any other provision of this section, a property owner need not enter into an agreement under this section to be entitled to electronic delivery of a notice of a protest hearing under Section 41.46.

Effective September 1, 2019

§ 1.086

S.B. 2

SECTION 5. Chapter 1, Tax Code, is amended by **adding Section 1.086** to read as follows:

Sec. 1.086. DELIVERY OF CERTAIN NOTICES BY E-MAIL.

(a) On the written request of the owner of a residential property that is occupied by the owner as the owner's principal residence, the chief appraiser of the appraisal district in which the property is located shall send each notice required by this title related to the following to the e-mail address of the owner:

(1) a change in value of the property;

(2) the eligibility of the property for an exemption; or

(3) the grant, denial, cancellation, or other change in the status of an exemption or exemption application applicable to the property.

(b) A property owner must provide the e-mail address to which the chief appraiser must send the notices described by Subsection (a) in a request made under that subsection.

(c) A chief appraiser who delivers a notice electronically under this section is not required to mail the same notice to the property owner.

(d) A request made under this section remains in effect until revoked by the property owner in a written revocation filed with the chief appraiser.

(e) After a property owner makes a request under this section and before a chief appraiser may deliver a notice electronically under this section, the chief appraiser must send an e-mail to the address provided by the property owner confirming the owner's request to receive notices electronically.

(f) The chief appraiser of an appraisal district that maintains an Internet website shall provide a form on the website that a property owner may use to electronically make a request under this section.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 5.01

S.B. 2

SECTION 6. Chapter 5, Tax Code, is amended by **adding Section 5.01** to read as follows:

Sec. 5.01. PROPERTY TAX ADMINISTRATION ADVISORY BOARD

(a) The comptroller shall appoint the property tax administration advisory board to advise the comptroller with respect to the division or divisions within the office of the comptroller with primary responsibility for state administration of property taxation and state oversight of appraisal districts. The advisory board may make recommendations to the comptroller regarding improving the effectiveness and efficiency of the property tax system, best practices, and complaint resolution procedures.

(b) The advisory board is composed of at least six members appointed by the comptroller. The members of the board should include:

(1) representatives of property tax payers, appraisal districts, assessors, and school districts; and

(2) a person who has knowledge or experience in conducting ratio studies.

(c) The members of the advisory board serve at the pleasure of the comptroller.

(d) Any advice to the comptroller relating to a matter described by Subsection (a) that is provided by a member of the advisory board must be provided at a meeting called by the comptroller.

(e) Chapter 2110, Government Code, does not apply to the advisory board.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 5.041

S.B. 2

SECTION 7. Sections 5.041**(b), (c), (e-1), and (e-3), Tax Code, are amended** to read as follows:

§ 5.041. Training of Appraisal Review Board Members

(a) The comptroller shall:

(1) approve curricula and provide materials for use in training and educating members of an appraisal review board;

(2) supervise a comprehensive course for training and education of appraisal review board members and issue certificates indicating course completion;

(3) make all materials for use in training and educating members of an appraisal review board freely available online;

(4) establish and maintain a toll-free telephone number that appraisal review board members may call for answers to technical questions relating to the duties and responsibilities of appraisal review board members and property appraisal issues; and

(5) provide, as feasible, online technological assistance to improve the operations of appraisal review boards and appraisal districts.

(b) A member of the appraisal review board established for an appraisal district must complete the course established under Subsection (a). **The course must provide at least eight hours of classroom training and education.** A member of the appraisal review board may not participate in a hearing conducted by the board

unless the person has completed the course established under Subsection (a) and received a certificate of course completion.

(c) The comptroller may contract with service providers to assist with the duties imposed under Subsection (a), but the course required may not be provided by an appraisal district, the chief appraiser or another employee of an appraisal district, a member of the board of directors of an appraisal district, a member of an appraisal review board, or a taxing unit. The comptroller may assess a fee to recover a portion of the costs incurred for the training course, but the fee may not exceed $50 **for each** ~~[per]~~ person trained. **If the training is provided to an individual other than a member of an appraisal review board, the comptroller may assess a fee not to exceed $50 for each person trained.**

(d) The course material for the course required under Subsection (a) is the comptroller's Appraisal Review Board Manual in use on the effective date of this section. The manual shall be updated regularly. It may be revised on request, in writing, to the comptroller. The revision language must be approved on the unanimous agreement of a committee selected by the comptroller and representing, equally, taxpayers and chief appraisers. The person requesting the revision shall pay the costs of mediation if the comptroller determines that mediation is required.

(e) Notwithstanding the provisions of Subsection (b), an appraisal review board member appointed after a course offering may continue to serve until the completion of the subsequent course offering

(e-1) In addition to the course established under Subsection (a), the comptroller shall approve curricula and provide materials for use in a continuing education course for members of an appraisal review board. **The course must provide at least four hours of classroom training and education.** The curricula and materials must include information regarding:

(1) the cost, income, and market data comparison methods of appraising property;

(2) the appraisal of business personal property;

(3) the determination of capitalization rates for property appraisal purposes;

(4) the duties of an appraisal review board;

(5) the requirements regarding the independence of an appraisal review board from the board of directors and the chief appraiser and other employees of the appraisal district;

(6) the prohibitions against ex parte communications applicable to appraisal review board members;

(7) the Uniform Standards of Professional Appraisal Practice;

(8) the duty of the appraisal district to substantiate the district's determination of the value of property;

(9) the requirements regarding the equal and uniform appraisal of property;

(10) the right of a property owner to protest the appraisal of the property as provided by Chapter 41; and

(11) a detailed explanation of each of the actions described by Sections 25.25, 41.41(a), 41.411, 41.412, 41.413, 41.42, and 41.43 so that members are fully aware of each of the grounds on which a property appraisal can be appealed.

(e-2) During the second year of an appraisal review board member's term of office, the member must successfully complete the course established under Subsection (e-1). At the conclusion of the course, the member must complete a statement described by Subsection (b-1). A person may not participate in a hearing conducted by the board, vote on a determination of a protest, or be reappointed to an additional term on the board until the person has completed the course established under Subsection (e-1) and has received a certificate of course completion. If the person is reappointed to an additional term on the appraisal review board, the person must successfully complete the course established under Subsection (e-1) and comply with the other requirements of this subsection in each year the member continues to serve.

(e-3) The comptroller may contract with service providers to assist with the duties imposed under Subsection (e-1), but the course required by that subsection may not be provided by an appraisal district, the chief appraiser or another employee of an appraisal district, a member of the board of directors of an appraisal district, a member of an appraisal review board, or a taxing unit. The comptroller may assess a fee to recover a portion of the costs incurred for the continuing education course, but the fee may not exceed $50 for each person trained. **If the training is**

provided to an individual other than a member of an appraisal review board, the comptroller may assess a fee not to exceed $50 for each person trained.

(f) The comptroller may not advise a property owner, a property owner's agent, or the chief appraiser or another employee of an appraisal district on a matter that the comptroller knows is the subject of a protest to the appraisal review board. The comptroller may provide advice to an appraisal review board member as authorized by Subsection (a)(4) of this section or Section 5.103 and may communicate with the chairman of an appraisal review board or a taxpayer liaison officer concerning a complaint filed under Section 6.052.

(g) Except during a hearing or other appraisal review board proceeding and as provided by Subsection (h) and Section 6.411(c-1), the following persons may not communicate with a member of an appraisal review board about a course provided under this section or any matter presented or discussed during the course:

(1) the chief appraiser of the appraisal district for which the appraisal review board is established;

(2) another employee of the appraisal district for which the appraisal review board is established;

(3) a member of the board of directors of the appraisal district for which the appraisal review board is established;

(4) an officer or employee of a taxing unit that participates in the appraisal district for which the appraisal review board is established; and

(5) an attorney who represents or whose law firm represents the appraisal district or a taxing unit that participates in the appraisal district for which the appraisal review board is established.

(h) An appraisal review board may retain an appraiser certified by the Texas Appraiser Licensing and Certification Board to instruct the members of the appraisal review board on valuation methodology if the appraisal district provides for the instruction in the district's budget.

Effective: January 1, 2020

SECTION 93. Section 5.041, Tax Code, as amended by this Act, applies only to an appraisal review board member appointed to serve a term of office that begins on or after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 5.043

S.B. 2

SECTION 8. Chapter 5, Tax Code, is amended by **adding Section 5.043** to read as follows:

Sec. 5.043. TRAINING OF ARBITRATORS.

(a) This section applies only to persons who have agreed to serve as arbitrators under Chapter 41A.

(b) The comptroller shall:

(1) approve curricula and provide an arbitration manual and other materials for use in training and educating arbitrators;

(2) make all materials for use in training and educating arbitrators freely available online; and

(3) establish and supervise a training program on property tax law for the training and education of arbitrators.

(c) The training program must:

(1) emphasize the requirements regarding the equal and uniform appraisal of property; and

(2) be at least four hours in length.

(d) The training program may be provided online. The comptroller by rule may prescribe the manner by which the comptroller may verify that a person taking the training program online has taken and completed the program.

(e) The comptroller may contract with service providers to assist with the duties imposed under Subsection (b), but the training program may not be provided by an appraisal district, the chief appraiser or another employee of an appraisal district, a member of the board of directors of an appraisal district, a member of an appraisal review board, or a taxing unit. The comptroller may assess a fee to recover a portion of the costs incurred for the training program, but the fee may not exceed $50 for each person trained. If the training is provided to a person other than a person who has agreed to serve as an arbitrator under Chapter 41A, the comptroller may assess a fee not to exceed $50 for each person trained.

(f) The comptroller shall prepare an arbitration manual for use in the training program. The manual shall be updated regularly and may be revised on request, in writing, to the comptroller. The revised language must be approved by the unanimous agreement of a committee selected by the comptroller and representing, equally, taxpayers and chief appraisers. The person requesting the revision must pay the costs of mediation if the comptroller determines that mediation is required.

Effective: January 1, 2020

SECTION 94. The comptroller of public accounts shall implement Section 5.043, Tax Code, as added by this Act, as soon as practicable after January 1, 2020.

SECTION 114. (a) A person who immediately before January 1, 2020, serves as an arbitrator in binding arbitrations of appeals of appraisal review board orders must meet the requirements of Section 41A.06(b)(3), Tax Code, as added by this Act, not later than the 120th day after the date the comptroller of public accounts begins to provide the training required under Section 5.043, Tax Code, as added by this Act.

(b) This Act does not prohibit a person who is serving as an arbitrator on January 1, 2020, from renewing the person's agreement with the comptroller of public accounts to serve as an arbitrator if the person has the qualifications required for an arbitrator under the Tax Code as amended by this Act.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 5.05

S.B. 2

SECTION 9. Section 5.05, Tax Code, is amended by **adding Subsections (c-1) and (c-2)** to read as follows:

§ 5.05. Appraisal Manuals and Other Materials

(a) The comptroller may prepare and issue publications relating to the appraisal of property and the administration of taxes, or may approve other publications relating to those matters, including materials published by The Appraisal Foundation, the International Association of Assessing Officers, or other professionally recognized organizations, for use in the administration of property taxes, including:

(1) a general appraisal manual;

(2) special appraisal manuals as authorized by law;

(3) cost, price, and depreciation schedules as authorized by law;

(4) periodic news and reference bulletins;

(5) an annotated version of this title and Title 3; and

(6) a handbook containing selected laws and all rules promulgated by the comptroller relating to the property tax and its administration.

(b) The comptroller shall revise or supplement all materials issued by the comptroller or approve other publications periodically as necessary to keep them current.

(c) The comptroller shall electronically publish all materials under this section for administering the property tax system. The comptroller shall make the materials available to local governmental officials and members of the public but may charge a reasonable fee to offset the costs of preparing, printing, and distributing the materials.

(c-1) An appraisal district shall appraise property in accordance with any appraisal manuals required by law to be prepared and issued by the comptroller.

(c-2) Appraisal manuals required by law to be prepared and issued by the comptroller for the purpose of determining the market value of property shall be prepared based on generally accepted appraisal methods and techniques.

(d) If the appraised value of property is at issue in a lawsuit involving property taxation, a court may not admit in evidence appraisal manuals or cost, price, and depreciation schedules, or portions thereof, that are prepared and issued pursuant to this section. The manuals or schedules may only be used for the limited purpose of impeachment in the same manner and pursuant to the same evidentiary rules as applicable to books and treatises.

Effective: January 1, 2020

SECTION 95. Sections 5.05, 5.102, 5.13, and 23.01, Tax Code, as amended by this Act, apply only to the appraisal of property for ad valorem tax purposes for a tax year beginning on or after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 5.061

S.B. 1943

SECTION 2. Chapter 5, Tax Code, is amended by **adding Section 5.061** to read as follows:

Sec. 5.061. EXPLANATION OF INFORMATION RELATED TO HEIR PROPERTY. The comptroller shall prepare and electronically publish a pamphlet that provides information to assist heir property owners in applying for a residence homestead exemption authorized by Chapter 11. The pamphlet must include:

(1) a list of the residence homestead exemptions authorized by Chapter 11;

(2) a description of the process for applying for an exemption as prescribed by Section 11.43;

(3) a description of the documents an owner is required by Section 11.43(o) to submit with an application to demonstrate the owner's ownership of an interest in heir property;

(4) contact information for the division of the State Bar of Texas from which a person may obtain a listing of individuals and organizations available to provide free or reduced-fee legal assistance; and

(5) a general description of the process by which an owner may record the owner's interest in heir property in the real property records of the county in which the property is located.

Effective: September 1, 2019

SECTION 11. Not later than January 1, 2020, the comptroller of public accounts shall make available the pamphlet required by Section 5.061, Tax Code, as added by this Act."

SECTION 12. The changes in law made by this Act apply only to an ad valorem tax year that begins on or after the effective date of this Act.

§5.07

S.B. 2

SECTION 10. Section 5.07, Tax Code, is amended by **adding Subsections (f), (g), (h), (i), and (j)** to read as follows:

§ 5.07. Property Tax Forms and Records Systems

(a) The comptroller shall prescribe the contents of all forms necessary for the administration of the property tax system and on request shall furnish sufficient copies of model forms of each type to the appropriate local officials. The comptroller may require reimbursement for the costs of printing and distributing the forms.

(b) The comptroller shall make the contents of the forms uniform to the extent practicable but may prescribe or approve additional or substitute forms for special circumstances.

(c) The comptroller shall also prescribe a uniform record system to be used by all appraisal districts for the purpose of submitting data to be used in the studies required by Section 5.10 of this code and by Section 403.302, Government Code. The record system shall include a compilation of information concerning sales of real property within the boundaries of the appraisal district. The sales information maintained in the uniform record system shall be submitted annually in a form prescribed by the comptroller.

(d) A property tax form that requires a signature may be signed by means of an electronically captured handwritten signature.

(e) A property tax form is not invalid or unenforceable solely because the form is a photocopy, facsimile, or electronic copy of the original.

(f) The comptroller shall prescribe tax rate calculation forms to be used by the designated officer or employee of each:

> **(1) taxing unit other than a school district to calculate and submit the no-new-revenue tax rate and the voter-approval tax rate for the taxing unit as required by Chapter 26; and**

(2) school district to:

(A) calculate and submit the no-new-revenue tax rate and the voter-approval tax rate for the district as required by Chapter 26; and

(B) submit the rate to maintain the same amount of state and local revenue per weighted student that the district received in the school year beginning in the preceding tax year as required by Chapter 26.

(g) The forms described by Subsection (f) must be in an electronic format and:

(1) have blanks that can be filled in electronically;

(2) be capable of being certified by the designated officer or employee after completion as accurately calculating the applicable tax rates and using values that are the same as the values shown in, as applicable:

(A) the taxing unit's certified appraisal roll; or

(B) the certified estimate of taxable value of property in the taxing unit prepared under Section 26.01(a-1); and

(3) be capable of being electronically incorporated into the property tax database maintained by each appraisal district under Section 26.17 and submitted electronically to the county assessor-collector of each county in which all or part of the territory of the taxing unit is located.

(h) For purposes of Subsections (f) and (g), the comptroller shall use the forms published on the comptroller's Internet website as of January 1, 2019, modified as necessary to comply with the requirements of this section. The comptroller shall update the forms as necessary to reflect formatting or other nonsubstantive changes.

(i) The comptroller may revise the forms to reflect substantive changes other than those described by Subsection (h) or on receipt of a request in writing. A revision under this subsection must be approved by the agreement of a majority of the members of a committee selected by the comptroller who are present at a committee meeting at which a quorum is present. The members of the committee must represent, equally, taxpayers, taxing units or persons designated by taxing units, and assessors. In the case of a revision for which

the comptroller receives a request in writing, the person requesting the revision shall pay the costs of mediation if the comptroller determines that mediation is required.

(j) A meeting of the committee held under Subsection (i) is not subject to the requirements of Chapter 551, Government Code.

Effective: January 1, 2020

SECTION 96. (a) The comptroller of public accounts shall comply with Sections 5.07(f), (g), (h), and (i), Tax Code, as added by this Act, as soon as practicable after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 5.09

S.B. 2

SECTION 11. Section 5.09, Tax Code, is amended by **amending Subsection (a) and adding Subsection (a-1)** to read as follows:

§ 5.09. Biennial Reports

(a) The comptroller shall prepare a biennial report of the total appraised values and taxable values of taxable property by category and the tax rates of each county, municipality, **special district,** and school district in effect for the two years preceding the year in which the report is prepared.

(a-1) The comptroller shall:

> **(1) prescribe the format by which an appraisal district or taxing unit must submit information under this section to the comptroller;**

(2) collect and review in detail the information submitted that relates to each county, municipality, and school district; and

(3) collect and review the information submitted that relates to each special district.

(b) Not later than December 31 of each even-numbered year, the comptroller shall:

(1) electronically publish on the comptroller's Internet website the report required by Subsection (a); and

(2) notify the governor, the lieutenant governor, and each member of the legislature that the report is available on the website.

Effective: January 1, 2020

SECTION 97. Section 5.09, Tax Code, as amended by this Act, applies only to information submitted to the comptroller of public accounts that relates to a tax year beginning on or after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 5.091

S.B. 2

SECTION 12. Section 5.091, Tax Code, **is amended** to read as follows:

§ 5.091. Statewide List of Tax Rates

(a) Each year the comptroller shall prepare a list that includes the total tax rate imposed by each taxing unit in this state, **as** ~~[other than a school district, if the tax rate is]~~ reported to the comptroller, **by each appraisal district,** for the year

[preceding the year] in which the list is prepared. The comptroller shall**:** ~~[list the tax rates in descending order.]~~[1]

(1) prescribe the manner in which and deadline by which appraisal districts are required to submit the tax rates to the comptroller; and

(2) list the tax rates **alphabetically according to:**

(A) the county or counties in which each taxing unit is located; and

(B) the name of each taxing unit ~~[in descending order]~~.

(b) Not later than **January 1** ~~[December 31]~~ of **the following** ~~[each]~~ year, the comptroller shall publish on the comptroller's Internet website the list required by Subsection (a).

Effective: January 1, 2020

SECTION 96. . . (b) The comptroller of public accounts shall comply with Section 5.091, Tax Code, as amended by this Act, not later than:

(1) January 1, 2022, with regard to tax rate information related to a taxing unit located wholly or partly in a county with a population of 120,000 or more; and

(2) January 1, 2023, with regard to tax rate information related to a taxing unit located wholly in a county with a population of less than 120,000.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

[1] Moved in part to § 5.091 (a)(2).

§ 5.102

As amended by H.B. 3384

SECTION 1. Section 5.102, Tax Code, is amended by **amending Subsection (a)** and **adding Subsections (a-1) and (a-2)** to read as follows:

§ 5.102. Review of Appraisal Districts

(a) At least once every two years, the comptroller shall review the governance of each appraisal district, **the** taxpayer assistance provided **by each appraisal district**, and the operating and appraisal standards, procedures, and methodology used by each appraisal district, to determine compliance with generally accepted standards, procedures, and methodology. ~~[After consultation with the advisory committee created under Section 403.302, Government Code, the comptroller by rule may establish procedures and standards for conducting and scoring the review.]~~[2]

(a-1) The comptroller may conduct a limited-scope review in place of the review required by Subsection (a) if:

(1) the appraisal district is established in a county located wholly or partly in an area declared by the governor to be a disaster area during the tax year in which the review is required;

(2) the chief appraiser of the appraisal district requests that the review conducted be a limited-scope review; and

(3) the comptroller determines that one of the following circumstances exists and was caused by the disaster:

(A) a building used by the appraisal district to conduct business is destroyed or is inaccessible or damaged to the extent that it is unusable for at least 30 days;

(B) the appraisal district ’s records are destroyed or are unusable for at least 30 days;

[2] Moved to § 5.102 (a-2)

(C) the appraisal district ’s computer system is destroyed or is unusable for at least 30 days; or

(D) due to extraordinary circumstances, the appraisal district does not have the resources to undergo a review under this section unless the review is limited in scope.

(a-2) After consultation with the advisory committee created under Section 403.302, Government Code, the comptroller by rule may establish procedures and standards for conducting and scoring **a** ~~[the]~~ review **under this section.**

(b) In conducting the review, the comptroller is entitled to access to all records and reports of the appraisal district, to copy or print any record or report of the appraisal district, and to the assistance of the appraisal district's officers and employees.

(c) At the conclusion of the review, the comptroller shall, in writing, notify the appraisal district concerning its performance in the review. If the review results in a finding that an appraisal district is not in compliance with generally accepted standards, procedures, and methodology, the comptroller shall deliver a report that details the comptroller's findings and recommendations for improvement to:

(1) the appraisal district's chief appraiser and board of directors; and

(2) the superintendent and board of trustees of each school district participating in the appraisal district.

(d) If the appraisal district fails to comply with the recommendations in the report and the comptroller finds that the board of directors of the appraisal district failed to take remedial action reasonably designed to ensure substantial compliance with each recommendation in the report before the first anniversary of the date the report was issued, the comptroller shall notify the Board of Tax Professional Examiners, or a successor to the board, which shall take action necessary to ensure that the recommendations in the report are implemented as soon as practicable.

(e) Before February 1 of the year following the year in which the Board of Tax Professional Examiners, or its successor, takes action under Subsection (d), and with the assistance of the comptroller, the board shall determine whether the recommendations in the most recent report have been substantially implemented. The presiding officer of the board shall notify the chief appraiser and the board of directors of the appraisal district in writing of the board's determination.

Effective: Immediately.

As amended by S.B. 2

SECTION 13. Sections 5.102**(a) and (c), Tax Code, are amended** to read as follows:

§ 5.102. Review of Appraisal Districts

(a) At least once every two years, the comptroller shall review the governance of each appraisal district, **the** taxpayer assistance provided **by each appraisal district**, and the operating and appraisal standards, procedures, and methodology used by each appraisal district, to determine compliance with generally accepted standards, procedures, and methodology**, including compliance with standards, procedures, and methodology prescribed by any appraisal manuals required by law to be prepared and issued by the comptroller**. After consultation with the **property tax administration** advisory **board** ~~[committee created under Section 403.302, Government Code]~~, the comptroller by rule may establish procedures and standards for conducting and scoring the review.

(b) In conducting the review, the comptroller is entitled to access to all records and reports of the appraisal district, to copy or print any record or report of the appraisal district, and to the assistance of the appraisal district's officers and employees.

(c) At the conclusion of the review, the comptroller shall, in writing, notify the appraisal district concerning its performance in the review. If the review results in a finding that an appraisal district is not in compliance with generally accepted standards, procedures, and methodology**, including compliance with standards, procedures, and methodology prescribed by any appraisal manuals required by law to be prepared and issued by the comptroller,** the comptroller shall deliver a report that details the comptroller's findings and recommendations for improvement to:

(1) the appraisal district's chief appraiser and board of directors; and

(2) the superintendent and board of trustees of each school district participating in the appraisal district.

Effective: January 1, 2020

SECTION 95. Sections 5.05, 5.102, 5.13, and 23.01, Tax Code, as amended by this Act, apply only to the appraisal of property for ad valorem tax purposes for a tax year beginning on or after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

H.B. 4170

SECTION 14.001. Sections 5.102**(d) and (e), Tax Code, are amended** to conform to Chapter 450 (H.B. 2447), Acts of the 81st Legislature, Regular Session, 2009, to read as follows:

(d) If the appraisal district fails to comply with the recommendations in the report and the comptroller finds that the board of directors of the appraisal district failed to take remedial action reasonably designed to ensure substantial compliance with each recommendation in the report before the first anniversary of the date the report was issued, the comptroller shall notify the **Texas Department of Licensing and Regulation** ~~[Board of Tax Professional Examiners]~~, or a successor to the **department** ~~[board]~~, which shall take action necessary to ensure that the recommendations in the report are implemented as soon as practicable.

(e) Before February 1 of the year following the year in which the **Texas Department of Licensing and Regulation** ~~[Board of Tax Professional Examiners]~~, or its successor, takes action under Subsection (d), and with the assistance of the comptroller, the **department** ~~[board]~~ shall determine whether the recommendations in the most recent report have been substantially implemented. The **executive director** ~~[presiding officer]~~ of the **department** ~~[board]~~ shall notify the chief appraiser and the board of directors of the appraisal district in writing of the **department's** ~~[board's]~~ determination.

Effective: September 1, 2019

§ 5.103

S.B. 2

SECTION 91: The following provisions **are repealed . . . (4) Sections 5.103(e) and (f).**

§ 5.103. Appraisal Review Board Oversight

(a) The comptroller shall prepare model hearing procedures for appraisal review boards.

(b) The model hearing procedures shall address:

(1) the statutory duties of an appraisal review board;

(2) the process for conducting a hearing;

(3) the scheduling of hearings;

(4) the postponement of hearings;

(5) the notices required under this title;

(6) the determination of good cause under Section 41.44(b);

(7) the determination of good cause under Sections 41.45(e) and (e-1);

(8) a party's right to offer evidence and argument;

(9) a party's right to examine or cross-examine witnesses or other parties;

(10) a party's right to appear by an agent;

(11) the prohibition of an appraisal review board's consideration of information not provided at a hearing;

(12) ex parte and other prohibited communications;

(13) the exclusion of evidence at a hearing as required by Section 41.67(d);

(14) the postponement of a hearing as required by Section 41.66(h);

(15) conflicts of interest;

(16) the process for the administration of applications for membership on an appraisal review board; and

(17) any other matter related to fair and efficient appraisal review board hearings.

(c) The comptroller may:

(1) categorize appraisal districts based on the size of the district, the number of protests filed in the district, or similar characteristics; and

(2) develop different model hearing procedures for different categories of districts.

(d) An appraisal review board shall follow the model hearing procedures prepared by the comptroller when establishing its procedures for hearings as required by Section 41.66(a).

~~[(e) The comptroller shall prescribe the contents of a survey form for the purpose of providing the public a reasonable opportunity to offer comments and suggestions concerning the appraisal review board established for an appraisal district. The survey form must permit a person to offer comments and suggestions concerning the matters listed in Subsection (b) or any other matter related to the fairness and efficiency of the appraisal review board. The survey form, together with instructions for completing the form and submitting the form, shall be provided to each property owner at or before each hearing on a protest conducted by an appraisal review board. The appraisal office may provide clerical assistance to the comptroller for purposes of the implementation of this subsection, including assistance in providing and receiving the survey form. The comptroller, or an appraisal office providing clerical assistance to the comptroller, may provide for the provision and submission of survey forms electronically.~~

~~(f) The comptroller shall issue an annual report summarizing the survey forms submitted by property owners concerning each appraisal review board. The report may not disclose the identity of a person who submits a survey form.]~~

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§5.104

S.B. 2

SECTION 14. Chapter 5, Tax Code, is amended by **adding Section 5.104** to read as follows:

Sec. 5.104. APPRAISAL REVIEW BOARD SURVEY; REPORT.

(a) The comptroller shall:

(1) prepare an appraisal review board survey that allows an individual described by Subsection (b) to submit comments and suggestions to the comptroller regarding an appraisal review board;

(2) prepare instructions for completing and submitting the survey; and

(3) implement and maintain a method that allows an individual described by Subsection (b) to electronically complete and submit the survey through a uniform resource locator (URL) address.

(b) The following individuals who attend a hearing in person or by telephone conference call on a motion filed under Section 25.25 to correct the appraisal roll or a protest under Chapter 41 may complete and submit a survey under this section:

(1) a property owner whose property is the subject of the motion or protest;

(2) the designated agent of the owner; or

(3) a designated representative of the appraisal district in which the motion or protest is filed.

(c) The survey must allow an individual to submit comments and suggestions regarding:

(1) the matters listed in Section 5.103(b); and

(2) any other matter related to the fairness and efficiency of the appraisal review board.

(d) An appraisal district must provide to each property owner or designated agent of the owner who is authorized to submit a survey under this section a notice that states that the owner or agent:

(1) is entitled to complete and submit the survey;

(2) may submit the survey to the comptroller:

(A) in person;

(B) by mail;

(C) by electronic mail; or

(D) through the uniform resource locator (URL) address described by Subsection (a)(3); and

(3) may obtain a paper copy of the survey and instructions for completing the survey at the appraisal office.

(e) The notice described by Subsection (d) must include the uniform resource locator (URL) address described by Subsection (a)(3).

(f) An appraisal district must provide the notice described by Subsection (d) to a property owner or the designated agent of the owner:

(1) at or before the first hearing on the motion or protest described by Subsection (b) by the appraisal review board established for the appraisal district or by a panel of the board; and

(2) with each order under Section 25.25 or 41.47 determining a motion or protest, as applicable, delivered by the board or a panel of the board.

(g) At or before the first hearing on the motion or protest described by Subsection (b) by the appraisal review board established for the appraisal district or by a panel of the board, the board or panel must provide verbal notice to the property owner or designated agent of the owner of the owner or agent's right to complete and submit the survey.

(h) Notwithstanding Subsections (d), (f), and (g), if an appraisal district provides the notice described by Subsection (d), or an appraisal review board provides the verbal notice required by Subsection (g), to a property owner or the designated agent of the owner at or before a hearing on a motion or protest described by Subsection (b), the appraisal district or board, as applicable, is not required to provide another notice in the same manner to the owner or agent at or before another hearing on a motion or protest held on the same day.

(i) An individual who elects to submit the survey must submit the survey to the comptroller as provided by this section. An individual may submit only one survey for each hearing.

(j) The comptroller shall allow an individual to submit a survey to the comptroller in the following manner:

(1) in person;

(2) by mail;

(3) by electronic mail; or

(4) through the uniform resource locator (URL) address described by Subsection (a)(3).

(k) An appraisal district may not require a property owner or the designated agent of the owner to complete a survey at the appraisal office.

(l) The comptroller shall issue an annual report that summarizes the information included in the surveys submitted during the preceding tax year. The report may not disclose the identity of an individual who submitted a survey.

(m) The comptroller may adopt rules necessary to implement this section.

Effective: January 1, 2020

SECTION 98. The comptroller of public accounts shall prepare and make available the survey and instructions for completing and submitting the survey required by Section 5.104, Tax Code, as added by this Act, as soon as practicable after January 1, 2020. An appraisal district is not required to provide the survey or instructions under a requirement of that section until the survey and instructions are prepared and made available by the comptroller of public accounts.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 5.13

S.B. 2

SECTION 15. Section 5.13**(d), Tax Code, is amended** to read as follows:

§ 5.13. Administration of Performance Audits

(a) The comptroller shall complete an audit required by Section 5.12(a) within two years after the date of the publication of the second of the two studies the results of which required the audit to be conducted. The comptroller shall complete an audit requested under Section 5.12(b) or (c) as soon as practicable after the request is made.

(b) The comptroller may not audit the financial condition of an appraisal district or a district's tax collections. If the request is for an audit limited to one or more particular matters, the comptroller's audit must be limited to those matters.

(c) The comptroller must approve the specific plan for the performance audit of an appraisal district. Before approving an audit plan, the comptroller must provide any interested person an opportunity to appear before the comptroller and to comment on the proposed plan. Not later than the 20th day before the date the comptroller

considers the plan for an appraisal district performance audit, the comptroller must notify the presiding officer of the appraisal district board of directors that the comptroller intends to consider the plan. The notice must include the time, date, and place of the meeting to consider the plan. Immediately after receiving the notice, the presiding officer shall deliver a copy of the notice to the other members of the appraisal district board of directors.

(d) In conducting a general audit, the comptroller shall consider and report on:

(1) the extent to which the district complies with applicable law or generally accepted standards of appraisal or other relevant practice**, including appraisal standards and practices prescribed by any appraisal manuals required by law to be prepared and issued by the comptroller**;

(2) the uniformity and level of appraisal of major kinds of property and the cause of any significant deviations from ideal uniformity and equality of appraisal of major kinds of property;

(3) duplication of effort and efficiency of operation;

(4) the general efficiency, quality of service, and qualification of appraisal district personnel; and

(5) except as otherwise provided by Subsection (b) ~~[of this section]~~, any other matter included in the request for the audit.

(e) In conducting the audit, the comptroller is entitled to have access at all times to the books, appraisal and other records, reports, vouchers, and other information, whether confidential or not, of the appraisal district. The comptroller may require the assistance of appraisal district officers or employees that does not interfere significantly with the ordinary functions of the appraisal district. The comptroller may rely on any analysis it has made previously relating to the appraisal district if the previous analysis is useful or relevant to the audit.

(f) The comptroller shall report the results of its audit in writing to the governing body of each taxing unit that participates in the appraisal district, to the chief appraiser, and to the presiding officer of the appraisal district board of directors. If the audit was requested under Section 5.12(c) of this code, the comptroller shall also provide a report to a representative of the property owners who requested the audit.

(g) If the audit is required or requested under Section 5.12(a) or (b) of this code, the appraisal district shall reimburse the comptroller for the costs incurred in conducting the audit and making its report of the audit. The costs shall be allocated among the taxing units participating in the district in the same manner as an operating expense of the district. If the audit is requested under Section 5.12(c) of this code, the property owners who requested the audit shall reimburse the comptroller for the costs incurred in conducting the audit and making its report of the audit and shall allocate the costs among those property owners in proportion to the appraised value of each property owner's property in the district or on such other basis as the property owners may agree. If the audit confirms that the median level of appraisal for a class of property exceeds 1.10 or that the median level of appraisal for a class of property varies at least 10 percent from the overall median level of appraisal for all property in the district for which the comptroller determines a median level of appraisal, within 90 days after the date a request is made by the property owners for reimbursement the appraisal district shall reimburse the property owners who requested the audit for the amount paid to the comptroller for the costs incurred in conducting the audit and making the report. Before conducting an audit under Section 5.12(c), the comptroller may require the requesting taxing units or property owners to provide the comptroller with a bond, deposit, or other financial security sufficient to cover the expected costs of conducting the audit and making the report. For purposes of this subsection, “costs” include expenses related to salaries, professional fees, travel, reproduction or other printing services, and consumable supplies that are directly attributable to conducting the audit.

(h) At any time after the request for an audit is made, the comptroller may discontinue the audit in whole or in part if requested to do so by:

(1) the governing bodies of a majority of the taxing units participating in the district, if the audit was requested by a majority of those units;

(2) the governing bodies of a majority of the taxing units entitled to vote on the appointment of appraisal district directors, if the audit was requested by a majority of those units; or

(3) if the audit was requested under Section 5.12(c) of this code, by the taxpayers who requested the audit.

(i) The comptroller by rule may adopt procedures, audit standards, and forms for the administration of the performance audits.

Effective: January 1, 2020

SECTION 95. Sections 5.05, 5.102, 5.13, and 23.01, Tax Code, as amended by this Act, apply only to the appraisal of property for ad valorem tax purposes for a tax year beginning on or after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 6.035

S.B. 2

SECTION 16. Section 6.035**(a-1), Tax Code, is amended** to read as follows:

§ 6.035. Restrictions on Eligibility and Conduct of Board Members and Chief Appraisers and Their Relatives

(a) An individual is ineligible to serve on an appraisal district board of directors and is disqualified from employment as chief appraiser if the individual:

(1) is related within the second degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to an individual who is engaged in the business of appraising property for compensation for use in proceedings under this title or of representing property owners for compensation in proceedings under this title in the appraisal district; or

(2) owns property on which delinquent taxes have been owed to a taxing unit for more than 60 days after the date the individual knew or should have known of the delinquency unless:

(A) the delinquent taxes and any penalties and interest are being paid under an installment payment agreement under Section 33.02; or

(B) a suit to collect the delinquent taxes is deferred or abated under Section 33.06 or 33.065.

(a-1) An individual is ineligible to serve on an appraisal district board of directors if the individual has engaged in the business of appraising property for compensation for use in proceedings under this title or of representing property owners for compensation in proceedings under this title in the appraisal district at any time during the preceding **three** ~~[five]~~ years.

(b) A member of an appraisal district board of directors or a chief appraiser commits an offense if the board member continues to hold office or the chief appraiser remains employed knowing that an individual related within the second degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to the board member or chief appraiser is engaged in the business of appraising property for compensation for use in proceedings under this title or of representing property owners for compensation in proceedings under this title in the appraisal district in which the member serves or the chief appraiser is employed. An offense under this subsection is a Class B misdemeanor.

(c) A chief appraiser commits an offense if the chief appraiser refers a person, whether gratuitously or for compensation, to another person for the purpose of obtaining an appraisal of property, whether or not the appraisal is for ad valorem tax purposes. An offense under this subsection is a Class B misdemeanor.

(d) An appraisal performed by a chief appraiser in a private capacity or by an individual related within the second degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to the chief appraiser may not be used as evidence in a protest or challenge under Chapter 41 or an appeal under Chapter 42 concerning property that is taxable in the appraisal district in which the chief appraiser is employed.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 6.054

S.B. 2

SECTION 17. Subchapter A, Chapter 6, Tax Code, is amended by **adding Section 6.054** to read as follows:

Sec. 6.054. RESTRICTION ON EMPLOYMENT BY APPRAISAL DISTRICT.

An individual may not be employed by an appraisal district if the individual is:

(1) an officer of a taxing unit that participates in the appraisal district; or

(2) an employee of a taxing unit that participates in the appraisal district.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 6.15

S.B. 2

SECTION 18. Section 6.15, Tax Code, is amended by **adding Subsection (c-1)** to read as follows:

§ 6.15. Ex Parte Communications; Penalty

(a) A member of the board of directors of an appraisal district commits an offense if the member directly or indirectly communicates with the chief appraiser on any matter relating to the appraisal of property by the appraisal district, except in:

(1) an open meeting of the appraisal district board of directors or another public forum; or

(2) a closed meeting of the board of directors held to consult with the board's attorney about pending litigation, at which the chief appraiser's presence is necessary for full communication between the board and the board's attorney.

(b) A chief appraiser commits an offense if the chief appraiser directly or indirectly communicates with a member of the board of directors of the appraisal district on any matter relating to the appraisal of property by the appraisal district, except in:

(1) an open meeting of the board of directors or another public forum; or

(2) a closed meeting of the board of directors held to consult with the board's attorney about pending litigation, at which the chief appraiser's presence is necessary for full communication between the board and the board's attorney.

(c) Subsections (a) and (b) do not apply to a routine communication between the chief appraiser and the county assessor-collector that relates to the administration of an appraisal roll, including a communication made in connection with the certification, correction, or collection of an account, regardless of whether the county assessor-collector was appointed to the board of directors of the appraisal district or serves as a nonvoting director.

(c-1) Subsections (a) and (b) do not prohibit a member of the board of directors of an appraisal district from transmitting to the chief appraiser without comment a complaint by a property owner or taxing unit about the appraisal of a specific property, provided that the transmission is in writing.

(d) An offense under this section is a Class C misdemeanor.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 6.16

S.B. 2

SECTION 19. Subchapter A, Chapter 6, Tax Code, is amended by **adding Section 6.16** to read as follows:

Sec. 6.16. RESIDENTIAL PROPERTY OWNER ASSISTANCE.

(a) The chief appraiser of an appraisal district may maintain a list of the following individuals who have designated themselves as an individual who will provide free assistance to an owner of residential property that is occupied by the owner as the owner's principal residence:

(1) a real estate broker or sales agent licensed under Chapter 1101, Occupations Code;

(2) a real estate appraiser licensed or certified under Chapter 1103, Occupations Code; or

(3) a property tax consultant registered under Chapter 1152, Occupations Code.

(b) On the request of an owner described by Subsection (a), a chief appraiser who maintains a list under this section shall provide to the owner a copy of the list.

(c) A list must:

(1) be organized by county;

(2) be available on the appraisal district's Internet website, if the appraisal district maintains a website; and

(3) provide the name, contact information, and job title of each individual who will provide free assistance.

(d) A person must designate himself or herself as an individual who will provide free assistance by completing a form prescribed by the chief appraiser and submitting the form to the chief appraiser.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 6.41

S.B. 2

SECTION 20. Section 6.41, Tax Code, is amended by **amending Subsections (b) and (d-9)** and **adding Subsections (b-1), (b-2), and (d-10)** to read as follows:

§ 6.41. Appraisal Review Board

(a) The appraisal review board is established for each appraisal district.

(b) **Except as provided by Subsection (b-1) or (b-2), an appraisal review** ~~[The]~~ board consists of three members. ~~[However, the district board of directors by resolution of a majority of its members may increase the size of the appraisal review board to the number of members the board of directors considers appropriate.]~~

(b-1) **An appraisal** ~~[However, the~~] district board of directors by resolution of a majority of **the board's** ~~[its]~~ members may increase the size of the **district's** appraisal review board to the number of members the board of directors considers appropriate.

(b-2) An appraisal district board of directors for a district established in a county with a population of one million or more by resolution of a majority of the board's members shall increase the size of the district's appraisal review board to the number of members the board of directors considers appropriate to manage the duties of the appraisal review board, including the duties of each special panel established under Section 6.425.

(c) To be eligible to serve on the board, an individual must be a resident of the district and must have resided in the district for at least two years.

(d) Except as provided by Subsection (d-1), members of the board are appointed by resolution of a majority of the appraisal district board of directors. A vacancy on the board is filled in the same manner for the unexpired portion of the term.

(d-1) In a county with a population of 120,000 or more the members of the board are appointed by the local administrative district judge under Subchapter D, Chapter 74, Government Code,1 in the county in which the appraisal district is established. All applications submitted to the appraisal district or to the appraisal review board from persons seeking appointment as a member of the appraisal review board shall be delivered to the local administrative district judge. The appraisal district may provide the local administrative district judge with information regarding whether an applicant for appointment to or a member of the board owes any delinquent ad valorem taxes to a taxing unit participating in the appraisal district.

(d-2) A local administrative district judge making appointments under Subsection (d-1) may make such appointments directly or may, by written order, appoint from three to five persons to perform the duties of appraisal review board commissioner. If the local administrative district judge chooses to appoint appraisal review board commissioners, each commissioner shall possess the same qualifications as those required of an appraisal review board member.

(d-3) The local administrative judge making appointments under Subsection (d-1) shall cause the proper officer to notify such appointees of such appointment, and when and where they are to appear.

(d-4) If appraisal review board commissioners are appointed under Subsection (d-2), they shall meet as directed by the local administrative district judge in order to complete their duties.

(d-5) The appraisal district of the county shall provide to the local administrative district judge, or to the appraisal review board commissioners, as the case may be, the number of appraisal review board positions that require appointment and shall provide whatever reasonable assistance is requested by the local administrative district judge or the commissioners.

(d-6) An appraisal review board commissioner is not disqualified from serving as a member of the appraisal review board.

(d-7) If appraisal review board commissioners are appointed under this section, the commissioners shall return a list of proposed appraisal review board members to

the local administrative district judge at a time directed by such local administrative judge, but in no event later than January 1 of each year. Such list shall be composed of no less than five (5) names in excess of the number of appraisal review board positions to be filled by the local administrative district judge. The local administrative judge may accept the proposed names, or reject the proposed list and return the proposed list to the commissioners upon which the commissioners shall propose a revised list until the local administrative judge accepts the list.

(d-8) Any appraisal review board commissioners appointed pursuant to this section shall hold office for a term of one year beginning January 1. A commissioner may be appointed to successive terms at the discretion of the local administrative district judge.

(d-9) ~~[Upon selection of the individuals who are to serve as members of the appraisal review board, the local administrative district judge shall enter an appropriate order designating such members and setting each member's respective term of office, as provided elsewhere in this section.]~~[3] **In selecting individuals who are to serve as members of the appraisal review board for an appraisal district described by Subsection (b-2), the local administrative district judge shall select an adequate number of qualified individuals to permit the chairman of the appraisal review board to fill the positions on each special panel established under Section 6.425.**

(d-10) Upon selection of the individuals who are to serve as members of the appraisal review board, the local administrative district judge shall enter an appropriate order designating such members and setting each member's respective term of office, as provided elsewhere in this section.

(e) Members of the board hold office for terms of two years beginning January 1. The appraisal district board of directors by resolution shall provide for staggered terms, so that the terms of as close to one-half of the members as possible expire each year. In making the initial or subsequent appointments, the board of directors or the local administrative district judge or the judge's designee shall designate those members who serve terms of one year as needed to comply with this subsection.

[3] Moved to § 6.41(d-10).

Effective: September 1, 2020

SECTION 99. Section 6.41(d-9), Tax Code, as amended by this Act, applies only to the appointment of appraisal review board members to terms beginning on or after January 1, 2021.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

H.B. 2179

SECTION 1. Sections 6.41**(f) and (i), Tax Code, are amended** to read as follows:

(f) A member of the board may be removed from the board by a majority vote of the appraisal district board of directors, or by the local administrative district judge or the judge's designee, as applicable, that appointed the member. Grounds for removal are:

(1) a violation of Section 6.412, 6.413, 41.66(f), or 41.69;

(2) good cause relating to the attendance of members at called meetings of the board as established by written policy adopted by a majority of the appraisal district board of directors; or

(3) ~~[clear and convincing]~~ evidence of repeated bias or misconduct.

(g) Subsection (a) does not preclude the boards of directors of two or more adjoining appraisal districts from providing for the operation of a consolidated appraisal review board by interlocal contract.

(h) When adjoining appraisal districts by interlocal contract have provided for the operation of a consolidated appraisal review board:

(1) a reference in this or another section of this code to the appraisal district means the adjoining appraisal districts;

(2) a reference in this or another section of this code to the appraisal district board of directors means the boards of directors of the adjoining appraisal districts;

(3) a provision of this code that applies to an appraisal review board also applies to the consolidated appraisal review board; and

(4) a reference in this code to the appraisal review board shall be construed to also refer to the consolidated appraisal review board.

(i) This subsection applies only to an appraisal district described by Subsection (d-1). A chief appraiser or another employee or agent of the appraisal district, a member of the appraisal review board for the appraisal district, a member of the board of directors of the appraisal district, a property tax consultant, or an agent of a property owner commits an offense if the person communicates with the local administrative district judge regarding the appointment of appraisal review board members. This subsection does not apply to:

(1) a communication between a member of the appraisal review board and the local administrative district judge regarding the member's reappointment to the board;

(2) a communication between the taxpayer liaison officer for the appraisal district and the local administrative district judge in the course of the performance of the officer's clerical duties so long as the officer does not offer an opinion or comment regarding the appointment of appraisal review board members;

(3) a communication between a chief appraiser or another employee or agent of the appraisal district, a member of the appraisal review board for the appraisal district, or a member of the board of directors of the appraisal district and the local administrative district judge regarding information relating to or described by Subsection (d-1), (d-5), or (f) of this section or Section 411.1296, Government Code; ~~[or]~~

(4) a communication between a property tax consultant or a property owner or an agent of the property owner and the taxpayer liaison officer for the appraisal district regarding information relating to or described by Subsection (f). The taxpayer liaison officer for the appraisal district shall report the contents of the communication relating to or described by Subsection (f) to the local administrative district judge**; or**

(5) a communication between a property tax consultant or a property owner or an agent of the property owner and the local administrative

district judge regarding information relating to or described by Subsection (f).

(j) A chief appraiser or another employee or agent of an appraisal district commits an offense if the person communicates with a member of the appraisal review board for the appraisal district, a member of the board of directors of the appraisal district, or, if the appraisal district is an appraisal district described by Subsection (d-1), the local administrative district judge regarding a ranking, scoring, or reporting of the percentage by which the appraisal review board or a panel of the board reduces the appraised value of property.

(k) An offense under Subsection (i) or (j) is a Class A misdemeanor.

Effective: Immediately

SECTION 2. (a) Section 6.41(f), Tax Code, as amended by this Act, applies only to a proceeding to remove an appraisal review board member that begins on or after the effective date of this Act. A proceeding to remove an appraisal review board member that began before the effective date of this Act is governed by that subsection as it existed on the date the proceeding to remove the board member began, and the former law is continued in effect for that purpose. (b)The change in law made by this Act to Section 6.41(i),Tax Code, applies only to an offense committed under that subsection before, on, or after the effective date of this Act, except that a final conviction for an offense committed under that subsection before the effective date of this Act is unaffected by this Act.

§ 6.412

S.B. 2

SECTION 91. The following provisions **are repealed . . . (4) . . . 6.412(e).**

SECTION 21. Sections 6.412**(a) and (d), Tax Code, are amended** to read as follows:

§ 6.412. Restrictions on Eligibility of Board Members

(a) An individual is ineligible to serve on an appraisal review board if the individual:

(1) is related within the second degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to an individual who is engaged in the business of appraising property for compensation for use in proceedings under this title or of representing property owners for compensation in proceedings under this title in the appraisal district for which the appraisal review board is established;

(2) owns property on which delinquent taxes have been owed to a taxing unit for more than 60 days after the date the individual knew or should have known of the delinquency unless:

(A) the delinquent taxes and any penalties and interest are being paid under an installment payment agreement under Section 33.02; or

(B) a suit to collect the delinquent taxes is deferred or abated under Section 33.06 or 33.065; or

(3) is related within the third degree by consanguinity or within the second degree by affinity, as determined under Chapter 573, Government Code, to a member of ~~[the appraisal district's board of directors.]~~[4]

(A) the appraisal district's board of directors**; or**

(B) the appraisal review board.

(b) A member of an appraisal review board commits an offense if the board member continues to hold office knowing that an individual related within the second degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to the board member is engaged in the business of appraising property for compensation for use in proceedings under this title or of representing property owners for compensation in proceedings under this title in the appraisal district for which the appraisal review board is established. An offense under this subsection is a Class B misdemeanor.

(c) A person is ineligible to serve on the appraisal review board if the person is a member of the board of directors, an officer, or employee of the appraisal district,

[4] Moved to § 6.412 (a)(2)(A).

an employee of the comptroller, or a member of the governing body, officer, or employee of a taxing unit.

(d) A person is ineligible to serve on the appraisal review board of an appraisal district established for a county **described by Section 6.41(d-1)** ~~[having a population of more than 100,000]~~ if the person:

(1) is a former member of the board of directors, former officer, or former employee of the appraisal district;

(2) served as a member of the governing body or officer of a taxing unit for which the appraisal district appraises property, until the fourth anniversary of the date the person ceased to be a member or officer; ~~[or]~~

(3) appeared before the appraisal review board for compensation during the two-year period preceding the date the person is appointed**: or**

(4) served for all or part of three previous terms as a board member or auxiliary board member on the appraisal review board.

~~[(e) A person who has served for all or part of three consecutive terms as a board member on an appraisal review board is ineligible to serve on the appraisal review board during a term that begins on the next January 1 following the third of those consecutive terms.]~~

Effective: January 1, 2020

SECTION 100. Section 6.412, Tax Code, as amended by this Act, does not affect the eligibility of a person serving on an appraisal review board immediately before January 1, 2020, to continue to serve on the board for the term to which the member was appointed.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 6.414

S.B. 2

SECTION 22. Section 6.414**(d), Tax Code, is amended** to read as follows:

§ 6.414. Auxiliary Appraisal Review Board Members

(a) The board of directors of an appraisal district by resolution of a majority of the members may provide for a number of auxiliary appraisal review board members that the board considers appropriate to hear taxpayer protests before the appraisal review board and to assist the board in performing its duties.

(b) An auxiliary board member is appointed in the same manner and for the same term as an appraisal review board member under Section 6.41 and is subject to the same eligibility requirements and restrictions as a board member under Sections 6.41, 6.411, 6.412, and 6.413.

(c) An auxiliary board member may attend meetings of the appraisal review board but may not vote in a determination made by the board or serve as chairman or secretary of the board. An auxiliary board member is not included in determining what constitutes a quorum of the board or whether a quorum is present at any meeting of the board.

(d) An auxiliary board member may hear taxpayer protests before the appraisal review board. **An auxiliary board member may not hear taxpayer protests before a special panel established under Section 6.425 unless the member is eligible to be appointed to the special panel.** If one or more auxiliary board members sit on a panel established under Section **6.425 or** 41.45 to conduct a protest hearing, the number of regular appraisal review board members required by that section to constitute the panel is reduced by the number of auxiliary board members sitting. An auxiliary board member sitting on a panel is considered a regular board member for all purposes related to the conduct of the hearing.

(e) An auxiliary board member is entitled to make a recommendation to the appraisal review board regarding a protest heard by the member but is not entitled to vote on the determination of the protest by the board.

(f) An auxiliary board member is entitled to compensation as provided by the appraisal district budget and is not entitled to a per diem or reimbursement of expenses under Section 6.42(c).

(g) Except as provided by this section, in this title, “appraisal review board member” includes an auxiliary appraisal review board member.

Effective: September 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 6.42

S.B. 2

SECTION 23. Section 6.42, Tax Code, is amended by **amending Subsection (a)** and **adding Subsection (d)** to read as follows:

§ 6.42. Organization, Meetings and Compensation

(a) A majority of the appraisal review board constitutes a quorum. The **local administrative district judge under Subchapter D, Chapter 74, Government Code, in the county in which** ~~[board of directors of]~~ the appraisal district **is established** ~~[by resolution]~~ shall select a chairman and a secretary from among the members of the appraisal review board. The **judge** [board of directors of the appraisal district] is encouraged to select as chairman ~~[of the appraisal review board]~~ a member of the appraisal review board, if any, who has a background in law and property appraisal.

(b) The board may meet at any time at the call of the chairman or as provided by rule of the board. The board shall meet to examine the appraisal records within 10 days after the date the chief appraiser submits the records to the board.

(c) Members of the board are entitled to per diem set by the appraisal district budget for each day the board meets and to reimbursement for actual and necessary expenses incurred in the performance of board functions as provided by the district budget.

(d) The concurrence of a majority of the members of the appraisal review board present at a meeting of the board is sufficient for a recommendation, determination, decision, or other action by the board. The concurrence of a majority of the members of a panel of the board present at a meeting of the panel is sufficient for a recommendation by the panel. The concurrence of more than a majority of the members of the board or panel may not be required.

Effective: January 1, 2020

SECTION 101. Section 6.42(d), Tax Code, as added by this Act, applies only to a recommendation, determination, decision, or other action by an appraisal review board or a panel of such a board on or after January 1, 2020. A recommendation, determination, decision, or other action by an appraisal review board or a panel of such a board before January 1, 2020, is governed by the law as it existed immediately before that date, and that law is continued in effect for that purpose.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 6.425

S.B. 2

SECTION 24. Subchapter C, Chapter 6, Tax Code, is amended by **adding Section 6.425** to read as follows:

Sec. 6.425. SPECIAL APPRAISAL REVIEW BOARD PANELS IN CERTAIN DISTRICTS.

(a) This section applies only to the appraisal review board for an appraisal district described by Section 6.41(b-2).

(b) The appraisal review board shall establish special panels to conduct protest hearings under Chapter 41 relating to property that:

(1) has an appraised value as determined by the appraisal district equal to or greater than the minimum eligibility amount determined as provided by Subsection (g); and

(2) is included in one of the following classifications:

(A) commercial real and personal property;

(B) real and personal property of utilities;

(C) industrial and manufacturing real and personal property; and

(D) multifamily residential real property.

(c) Each special panel described by this section consists of three members of the appraisal review board appointed by the chairman of the board.

(d) To be eligible to be appointed to a special panel described by this section, a member of the appraisal review board must:

(1) hold a juris doctor or equivalent degree;

(2) hold a master of business administration degree;

(3) be licensed as a certified public accountant under Chapter 901, Occupations Code;

(4) be accredited by the American Society of Appraisers as an accredited senior appraiser;

(5) possess an MAI professional designation from the Appraisal Institute;

(6) possess a Certified Assessment Evaluator (CAE) professional designation from the International Association of Assessing Officers;

(7) have at least 10 years of experience in property tax appraisal or consulting; or

(8) be licensed as a real estate broker or sales agent under Chapter 1101, Occupations Code.

(e) Notwithstanding Subsection (d), the chairman of the appraisal review board may appoint to a special panel described by this section a member of the appraisal review board who does not meet the qualifications prescribed by that subsection if:

(1) the number of persons appointed to the board by the local administrative district judge who meet those qualifications is not sufficient to fill the positions on each special panel; and

(2) the board member being appointed to the panel holds a bachelor's degree in any field.

(f) In addition to conducting protest hearings relating to property described by Subsection (b) of this section, a special panel may conduct protest hearings under Chapter 41 relating to property not described by Subsection (b) of this section as assigned by the chairman of the appraisal review board.

(g) By February 1 or as soon thereafter as practicable, the comptroller shall determine the minimum eligibility amount for the current tax year for purposes of Subsection (b)(1) and publish that amount in the Texas Register. The minimum eligibility amount for the 2020 tax year is $50 million. For each succeeding tax year, the minimum eligibility amount is equal to the minimum eligibility amount for the preceding tax year as adjusted by the comptroller to reflect the inflation rate.

(h) In this section:

(1) "Consumer price index" means the Consumer Price Index for All Urban Consumers (CPI-U), U.S. City Average, published by the Bureau of Labor Statistics of the United States Department of Labor.

(2) "Inflation rate" means the amount, expressed in decimal form rounded to the nearest thousandth, computed by determining the percentage change in the consumer price index for the preceding calendar year as compared to the consumer price index for the calendar year preceding that calendar year.

Effective: September 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 11.13

As amended by H.B. 2441

SECTION 1. Section 11.13**(h), Tax Code, is amended** to read as follows:

§ 11.13. Residence Homestead

(a) A family or single adult is entitled to an exemption from taxation for the county purposes authorized in Article VIII, Section 1-a, of the Texas Constitution of $3,000 of the assessed value of his residence homestead.

(b) An adult is entitled to exemption from taxation by a school district of $25,000 of the appraised value of the adult's residence homestead, except that only $5,000 of the exemption applies to an entity operating under former Chapter 17, 18, 25, 26, 27, or 28, Education Code, as those chapters existed on May 1, 1995, as permitted by Section 11.301, Education Code.

(c) In addition to the exemption provided by Subsection (b) of this section, an adult who is disabled or is 65 or older is entitled to an exemption from taxation by a school district of $10,000 of the appraised value of his residence homestead.

(d) In addition to the exemptions provided by Subsections (b) and (c) of this section, an individual who is disabled or is 65 or older is entitled to an exemption from taxation by a taxing unit of a portion (the amount of which is fixed as provided by Subsection (e) of this section) of the appraised value of his residence homestead if the exemption is adopted either:

(1) by the governing body of the taxing unit; or

(2) by a favorable vote of a majority of the qualified voters of the taxing unit at an election called by the governing body of a taxing unit, and the governing body shall call the election on the petition of at least 20 percent of the number of qualified voters who voted in the preceding election of the taxing unit.

(e) The amount of an exemption adopted as provided by Subsection (d) of this section is $3,000 of the appraised value of the residence homestead unless a larger amount is specified by:

(1) the governing body authorizing the exemption if the exemption is authorized as provided by Subdivision (1) of Subsection (d) of this section; or

(2) the petition for the election if the exemption is authorized as provided by Subdivision (2) of Subsection (d) of this section.

(f) Once authorized, an exemption adopted as provided by Subsection (d) of this section may be repealed or decreased or increased in amount by the governing body of the taxing unit or by the procedure authorized by Subdivision (2) of Subsection (d) of this section. In the case of a decrease, the amount of the exemption may not be reduced to less than $3,000 of the market value.

(g) If the residence homestead exemption provided by Subsection (d) of this section is adopted by a county that levies a tax for the county purposes authorized by Article VIII, Section 1-a, of the Texas Constitution, the residence homestead exemptions provided by Subsections (a) and (d) of this section may not be aggregated for the county tax purposes. An individual who is eligible for both exemptions is entitled to take only the exemption authorized as provided by Subsection (d) of this section for purposes of that county tax.

(h) Joint, community, or successive owners may not each receive the same exemption provided by or pursuant to this section for the same residence homestead in the same year. An eligible disabled person who is 65 or older may not receive both a disabled and an elderly residence homestead exemption **from the same taxing unit in the same year** but may choose either**. If a taxing unit has adopted both. An eligible disabled person who is 65 or older may receive both a disabled and an elderly residence homestead exemption in the same year if the person receives the exemptions with respect to taxes levied by different taxing units**. A person may not receive an exemption under this section for more than one residence homestead in the same year.

(i) The assessor and collector for a taxing unit may disregard the exemptions authorized by Subsection (b), (c), (d), or (n) of this section and assess and collect a tax pledged for payment of debt without deducting the amount of the exemption if:

(1) prior to adoption of the exemption, the unit pledged the taxes for the payment of a debt; and

(2) granting the exemption would impair the obligation of the contract creating the debt.

(j) For purposes of this section:

(1) “Residence homestead” means a structure (including a mobile home) or a separately secured and occupied portion of a structure (together with the land, not to exceed 20 acres, and improvements used in the residential occupancy of the structure, if the structure and the land and improvements have identical ownership) that:

(A) is owned by one or more individuals, either directly or through a beneficial interest in a qualifying trust;

(B) is designed or adapted for human residence;

(C) is used as a residence; and

(D) is occupied as the individual's principal residence by an owner, by an owner's surviving spouse who has a life estate in the property, or, for property owned through a beneficial interest in a qualifying trust, by a trustor or beneficiary of the trust who qualifies for the exemption.

(2) “Trustor” means a person who transfers an interest in real or personal property to a qualifying trust, whether during the person's lifetime or at death, or the person's spouse.

(3) “Qualifying trust” means a trust:

(A) in which the agreement, will, or court order creating the trust, an instrument transferring property to the trust, or any other agreement that is binding on the trustee provides that the trustor of the trust or a beneficiary of the trust has the right to use and occupy as the trustor's or beneficiary's principal residence residential property rent free and without charge except for taxes and other costs and expenses specified in the instrument or court order:

(i) for life;

(ii) for the lesser of life or a term of years; or

(iii) until the date the trust is revoked or terminated by an instrument or court `order that describes the property with sufficient certainty to identify it and is recorded in the real property records of the county in which the property is located; and

(B) that acquires the property in an instrument of title or under a court order that:

(i) describes the property with sufficient certainty to identify it and the interest acquired; and

(ii) is recorded in the real property records of the county in which the property is located.

(k) A qualified residential structure does not lose its character as a residence homestead if a portion of the structure is rented to another or is used primarily for other purposes that are incompatible with the owner's residential use of the structure. However, the amount of any residence homestead exemption does not apply to the value of that portion of the structure that is used primarily for purposes that are incompatible with the owner's residential use.

(l) A qualified residential structure does not lose its character as a residence homestead when the owner who qualifies for the exemption temporarily stops occupying it as a principal residence if that owner does not establish a different principal residence and the absence is:

(1) for a period of less than two years and the owner intends to return and occupy the structure as the owner's principal residence; or

(2) caused by the owner's:

(A) military service inside or outside of the United States as a member of the armed forces of the United States or of this state; or

(B) residency in a facility that provides services related to health, infirmity, or aging.

(m) In this section:

(1) “Disabled” means under a disability for purposes of payment of disability insurance benefits under Federal Old-Age, Survivors, and Disability Insurance.

(2) “School district” means a political subdivision organized to provide general elementary and secondary public education. “School district” does not include a junior college district or a political subdivision organized to provide special education services.

(n) In addition to any other exemptions provided by this section, an individual is entitled to an exemption from taxation by a taxing unit of a percentage of the appraised value of his residence homestead if the exemption is adopted by the governing body of the taxing unit before July 1 in the manner provided by law for official action by the body. If the percentage set by the taxing unit produces an exemption in a tax year of less than $5,000 when applied to a particular residence homestead, the individual is entitled to an exemption of $5,000 of the appraised value. The percentage adopted by the taxing unit may not exceed 20 percent.

(n-1) The governing body of a school district, municipality, or county that adopted an exemption under Subsection (n) for the 2014 tax year may not reduce the amount of or repeal the exemption. This subsection expires December 31, 2019.

(o) For purposes of this section, a residence homestead also may consist of an interest in real property created through ownership of stock in a corporation incorporated under the Cooperative Association Act (Article 1396-50.01, Vernon's Texas Civil Statutes) to provide dwelling places to its stockholders if:

(1) the interests of the stockholders of the corporation are appraised separately as provided by Section 23.19 of this code in the tax year to which the exemption applies;

(2) ownership of the stock entitles the owner to occupy a dwelling place owned by the corporation;

(3) the dwelling place is a structure or a separately secured and occupied portion of a structure; and

(4) the dwelling place is occupied as his principal residence by a stockholder who qualifies for the exemption.

(p) Exemption under this section for a homestead described by Subsection (o) of this section extends only to the dwelling place occupied as a residence homestead and to a portion of the total common area used in the residential occupancy that is equal to the percentage of the total amount of the stock issued by the corporation that is owned by the homestead claimant. The size of a residence homestead under Subsection (o) of this section, including any relevant portion of common area, may not exceed 20 acres.

(q) The surviving spouse of an individual who qualifies for an exemption under Subsection (d) for the residence homestead of a person 65 or older is entitled to an

exemption for the same property from the same taxing unit in an amount equal to that of the exemption for which the deceased spouse qualified if:

(1) the deceased spouse died in a year in which the deceased spouse qualified for the exemption;

(2) the surviving spouse was 55 or older when the deceased spouse died; and

(3) the property was the residence homestead of the surviving spouse when the deceased spouse died and remains the residence homestead of the surviving spouse.

(r) An individual who receives an exemption under Subsection (d) is not entitled to an exemption under Subsection (q).

Effective: January 1, 2020

As amended by S.B. 1943

SECTION 3. Section 11.13**(h), Tax Code, is amended** to read as follows:

§ 11.13. Residence Homestead . . .

(h) Joint, community, or successive owners may not each receive the same exemption provided by or pursuant to this section for the same residence homestead in the same year. An eligible disabled person who is 65 or older may not receive both a disabled and an elderly residence homestead exemption but may choose either. A person may not receive an exemption under this section for more than one residence homestead in the same year. **An heir property owner who qualifies heir property as the owner's residence homestead under this chapter is considered the sole recipient of any exemption granted to the owner for the residence homestead by or pursuant to this section.**

. . .

Effective: September 1, 2019

SECTION 11. Not later than January 1, 2020, the comptroller of public accounts shall make available the pamphlet required by Section 5.061, Tax Code, as added by this Act.

SECTION 12. The changes in law made by this Act apply only to an ad valorem tax year that begins on or after the effective date of this Act.

§ 11.135

S.B. 443

SECTION 1. Section 11.135, Tax Code, is amended by **amending Subsection (a)** and **adding Subsection (a-1)** to read as follows:

§ 11.135. Continuation of Residence Homestead Exemption While Replacement Structure Is Constructed; Sale of Property

(a) If a qualified residential structure for which the owner receives an exemption under Section 11.13 is rendered uninhabitable or unusable by a casualty or by wind or water damage, the owner may continue to receive the exemption for the structure and the land and improvements used in the residential occupancy of the structure while the owner constructs a replacement qualified residential structure on the land if the owner does not establish a different principal residence for which the owner receives an exemption under Section 11.13 during that period and intends to return and occupy the structure as the owner's principal residence. To continue to receive the exemption, the owner must begin active construction of the replacement qualified residential structure or other physical preparation of the site on which the structure is to be located not later than the first anniversary, **or the fifth anniversary for a property described by Subsection (a-1)(1),** of the date

the owner ceases to occupy the former qualified residential structure as the owner's principal residence. ~~[The owner may not receive the exemption for that property under the circumstances described by this subsection for more than two years.]~~[5]

(a-1) An ~~[The]~~ owner may not receive an ~~[the]~~ exemption **under Section 11.13** for ~~[that]~~ property under the circumstances described by **Subsection (a)** ~~[this subsection]~~ for more than:

(1) five years if:

(A) the property is located in an area declared to be a disaster area by the governor following a disaster; and

(B) the residential structure located on the property is rendered uninhabitable or unusable as a result of the disaster; or

(2) two years **if Subdivision (1) does not apply.**

(b) For purposes of Subsection (a), the site of a replacement qualified residential structure is under physical preparation if the owner has engaged in architectural or engineering work, soil testing, land clearing activities, or site improvement work necessary for the construction of the structure or has conducted an environmental or land use study relating to the construction of the structure.

(c) If an owner receives an exemption for property under Section 11.13 under the circumstances described by Subsection (a) and sells the property before the owner completes construction of a replacement qualified residential structure on the property, an additional tax is imposed on the property equal to the difference between the taxes imposed on the property for each of the years in which the owner received the exemption and the tax that would have been imposed had the owner not received the exemption in each of those years, plus interest at an annual rate of seven percent calculated from the dates on which the differences would have become due.

(d) A tax lien attaches to property on the date a sale under the circumstances described by Subsection (c) occurs to secure payment of the additional tax and interest imposed by that subsection and any penalties incurred. The lien exists in favor of all taxing units for which the additional tax is imposed.

[5] Moved to § 11.135(a-1).

(e) A determination that a sale of property under the circumstances described by Subsection (c) has occurred is made by the chief appraiser. The chief appraiser shall deliver a notice of the determination to the owner of the property as soon as possible after making the determination and shall include in the notice an explanation of the owner's right to protest the determination. If the owner does not file a timely protest or if the final determination of the protest is that the additional taxes are due, the assessor for each taxing unit shall prepare and deliver a bill for the additional taxes plus interest as soon as practicable. The taxes and interest are due and become delinquent and incur penalties and interest as provided by law for ad valorem taxes imposed by the taxing unit if not paid before the next February 1 that is at least 20 days after the date the bill is delivered to the owner of the property.

(f) The sanctions provided by Subsection (c) do not apply if the sale is:

(1) for right-of-way; or

(2) to this state or a political subdivision of this state to be used for a public purpose.

(g) The comptroller shall adopt rules and forms to implement this section.

Effective: Immediately

§ 11.141

H.B. 2859

SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by **adding Section 11.141** to read as follows:

Sec.11.141. PRECIOUS METAL HELD IN PRECIOUS METAL DEPOSITORY.

(a) For purposes of this section:

(1) "Precious metal" has the meaning assigned by Section 2116.001, Government Code.

(2) "Precious metal depository" means a depository that:

(A) is primarily engaged in the business of providing precious metal storage to the general public; and

(B) maintains sufficient insurance to cover precious metal deposited in the depository.

(b) A person is entitled to an exemption from taxation of the precious metal that the person owns and that is held in a precious metal depository located in this state, regardless of whether the precious metal is held or used by the person for the production of income.

(c) Notwithstanding Section 11.14(c), the governing body of a taxing unit may not provide for the taxation of precious metal exempted from taxation under Subsection (b).

Effective: January 1, 2020 (only if the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, authorizing the legislature to exempt from ad valorem taxation precious metal held in a precious metal depository located in this state is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.)

SECTION 4. Section 11.141, Tax Code, as added by this Act, applies only to a tax year beginning on or after January 1, 2020.

§ 11.161

H.B. 1526

SECTION 1. Section 11.161, Tax Code, **is amended** to read as follows:

§ 11.161. Implements of Husbandry

(a) Machinery and equipment items that are used in the production of farm or ranch products or of timber, regardless of their primary design, are considered to be implements of husbandry and are exempt from ad valorem taxation.

(b) For purposes of Subsection (a), a nursery stock weather protection unit, as defined by Section 71.041, Agriculture Code, is considered to be an implement of husbandry.

Effective January 1, 2020

SECTION 2. This Act applies only to an ad valorem tax year that begins on or after the effective date of this Act.

§ 11.24

S.B. 2

SECTION 25. Section 11.24, Tax Code, **is amended** to read as follows:

§ 11.24. Historic Sites

(a) The governing body of a taxing unit by official action of the body adopted in the manner required by law for official actions may exempt from taxation part or all of the assessed value of a structure or archeological site and the land necessary for access to and use of the structure or archeological site, if the structure or archeological site is:

(1) designated as a Recorded Texas Historic Landmark under Chapter 442, Government Code, or a state archeological landmark under Chapter 191, Natural Resources Code, by the Texas Historical Commission; or

(2) designated as a historically or archeologically significant site in need of tax relief to encourage its preservation pursuant to an ordinance or other law adopted by the governing body of the **taxing** unit.

(b) The governing body of a taxing unit may not repeal or reduce the amount of an exemption granted under Subsection (a) for a property that otherwise qualifies for the exemption unless:

(1) the owner of the property consents to the repeal or reduction; or

(2) the taxing unit provides written notice of the repeal or reduction to the owner not later than five years before the date the governing body repeals or reduces the exemption.

Effective: January 1, 2020

SECTION 102. Section 11.24, Tax Code, as amended by this Act, applies only to an exemption authorized by that section that is repealed or reduced on or after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 11.252

S.B. 58

SECTION 1. **The heading** to Section 11.252, Tax Code, **is amended** to read as follows:

Sec. 11.252. MOTOR VEHICLES LEASED FOR ~~[PERSONAL]~~ USE **OTHER THAN PRODUCTION OF INCOME.**

SECTION 2. Sections 11.252**(b), (d), and (e), Tax Code, are amended** to read as follows:

(a) The owner of a motor vehicle that is subject to a lease is entitled to an exemption from taxation of the vehicle if:

(1) the lessee does not hold the vehicle for the production of income; and

(2) the vehicle is used primarily for activities that do not involve the production of income.

(b) For purposes of this section, a motor vehicle is presumed to be used primarily for activities that do not involve the production of income if ~~[50 percent or more of the miles the motor vehicle is driven in a year are for non-income producing purposes]~~[6] **:**

(1) 50 percent or more of the miles the motor vehicle is driven in a year are for non-income producing purposes**;**

(2) the motor vehicle is leased to this state or a political subdivision of this state; or

(3) the motor vehicle:

(A) is leased to an organization that is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c)(3) of that code; and

(B) would be exempt from taxation if the vehicle were owned by the organization.

(c) The comptroller by rule shall establish exemption application requirements and appropriate procedures to determine whether a motor vehicle subject to a lease qualifies for an exemption under Subsection (a).

(d) In connection with the requirements and procedures under Subsection (c), the comptroller by rule shall adopt a form to be completed by the lessee of a motor vehicle for which the owner of the vehicle may apply for an exemption under Subsection (a). The form shall require **a** ~~[the]~~ lessee **who is an individual** to provide the lessee's name, address, and driver's license or personal identification certificate number. **The form shall require a lessee that is an entity described by Subsection (b) to provide the lessee's name, address, and, if applicable, federal tax identification number. The form shall require a lessee who is an individual, or the authorized representative of a lessee that is an entity described by Subsection (b),** ~~[and]~~ to certify under oath that the lessee does not hold the vehicle for the production of income and that the vehicle is used primarily for activities that do not involve the production of income. The comptroller shall

[6] Moved to § 11.252(b)(1).

include on the form a notice of the penalties prescribed by Section 37.10, Penal Code, for making a false statement on the form.

(e) The owner of a motor vehicle that is subject to a lease shall maintain the form, **an electronic image of the form, or a certified copy of the form** completed by the lessee of the vehicle and make the form, **electronic image, or certified copy** available for inspection and copying by the chief appraiser of the applicable appraisal district at all reasonable times. If the owner does not maintain a completed form **electronic image of the completed form, or certified copy of the completed form** relating to the vehicle, the owner:

(1) must render the vehicle for taxation in the applicable rendition statement or property report filed by the owner under Chapter 22; and

(2) may not file an application for an exemption under Subsection (a) for the vehicle.

(f) The governing body of a municipality by ordinance adopted before January 1, 2002, may provide for the taxation of leased motor vehicles otherwise exempted under Subsection (a). If the governing body of a municipality provides for the taxation of leased motor vehicles under this subsection, the exemption provided by Subsection (a) does not apply to that municipality.

(g) Repealed by Acts 2003, 78th Leg., ch. 866, § 1.

(h) In this section:

(1) “Lease” has the meaning assigned by Section 152.001(6).

(2) “Motor vehicle” means a passenger car or truck with a shipping weight of not more than 9,000 pounds.

(i) In addition to the requirements of Subsections (c) and (d), the comptroller by rule shall prescribe a property report form to be completed by the lessor describing the leased motor vehicles that the lessor owns. The property report form shall require the lessor to list each leased vehicle the lessor owns on January 1, to provide the year, make, model, and vehicle identification number of each leased vehicle, and to provide the name of the lessee, the address at which the vehicle is kept, and an indication of whether the lessee has designated the vehicle as not held for the production and not used for the production of income.

(j) The lessor shall provide the chief appraiser with the completed property report form adopted by the comptroller in the manner provided by Subchapter B, Chapter 22.1

Effective: September 1, 2019

SECTION 3. The changes in law made by this Act apply only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

§11.26

H.B. 1313

SECTION 1. Section 11.26, Tax Code, is amended by **amending Subsection (i)** and **adding Subsection (i-1)** to read as follows:

§ 11.26. Limitation of School Tax on Homesteads of Elderly or Disabled

(a) The tax officials shall appraise the property to which this section applies and calculate taxes as on other property, but if the tax so calculated exceeds the limitation imposed by this section, the tax imposed is the amount of the tax as limited by this section, except as otherwise provided by this section. A school district may not increase the total annual amount of ad valorem tax it imposes on the residence homestead of an individual 65 years of age or older or on the residence homestead of an individual who is disabled, as defined by Section 11.13, above the amount of the tax it imposed in the first tax year in which the individual qualified that residence homestead for the applicable exemption provided by Section 11.13(c) for an individual who is 65 years of age or older or is disabled. If the individual qualified that residence homestead for the exemption after the beginning of that first year and the residence homestead remains eligible for the same exemption for the next year, and if the school district taxes imposed on the residence homestead in the next year are less than the amount of taxes imposed in that first year, a school district may not subsequently increase the total annual amount of ad valorem taxes it imposes on the residence homestead above the amount it imposed in the year immediately following the first year for which the

individual qualified that residence homestead for the same exemption, except as provided by Subsection (b). If the first tax year the individual qualified the residence homestead for the exemption provided by Section 11.13(c) for individuals 65 years of age or older or disabled was a tax year before the 2015 tax year, the amount of the limitation provided by this section is the amount of tax the school district imposed for the 2014 tax year less an amount equal to the amount determined by multiplying $10,000 times the tax rate of the school district for the 2015 tax year, plus any 2015 tax attributable to improvements made in 2014, other than improvements made to comply with governmental regulations or repairs.

(a-1) Notwithstanding the other provisions of this section, if in the 2007 tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead and the first tax year the individual or the individual's spouse qualified for an exemption under Section 11.13(c) for the same homestead was the 2006 tax year, the amount of the limitation provided by this section on the homestead in the 2007 tax year is equal to the amount computed by:

(1) multiplying the amount of tax the school district imposed on the homestead in the 2006 tax year by a fraction the numerator of which is the tax rate of the district for the 2007 tax year and the denominator of which is the tax rate of the district for the 2006 tax year; and

(2) adding any tax imposed in the 2007 tax year attributable to improvements made in the 2006 tax year as provided by Subsection (b) to the lesser of the amount computed under Subdivision (1) or the amount of tax the district imposed on the homestead in the 2006 tax year.

(a-2) Notwithstanding the other provisions of this section, if in the 2007 tax year an individual qualifies for a limitation on tax increases provided by this section on the individual's residence homestead and the first tax year the individual or the individual's spouse qualified for an exemption under Section 11.13(c) for the same homestead was a tax year before the 2006 tax year, the amount of the limitation provided by this section on the homestead in the 2007 tax year is equal to the amount computed by:

(1) multiplying the amount of tax the school district imposed on the homestead in the 2005 tax year by a fraction the numerator of which is the tax rate of the district for the 2006 tax year and the denominator of which is the tax rate of the district for the 2005 tax year;

(2) adding any tax imposed in the 2006 tax year attributable to improvements made in the 2005 tax year as provided by Subsection (b) to the lesser of the amount computed under Subdivision (1) or the amount of tax the district imposed on the homestead in the 2005 tax year;

(3) multiplying the amount computed under Subdivision (2) by a fraction the numerator of which is the tax rate of the district for the 2007 tax year and the denominator of which is the tax rate of the district for the 2006 tax year; and

(4) adding to the lesser of the amount computed under Subdivision (2) or (3) any tax imposed in the 2007 tax year attributable to improvements made in the 2006 tax year, as provided by Subsection (b).

(a-3) Except as provided by Subsection (b), a limitation on tax increases provided by this section on a residence homestead computed under Subsection (a-1) or (a-2) continues to apply to the homestead in subsequent tax years until the limitation expires.

(b) If an individual makes improvements to the individual's residence homestead, other than improvements required to comply with governmental requirements or repairs, the school district may increase the tax on the homestead in the first year the value of the homestead is increased on the appraisal roll because of the enhancement of value by the improvements. The amount of the tax increase is determined by applying the current tax rate to the difference in the assessed value of the homestead with the improvements and the assessed value it would have had without the improvements. A limitation imposed by this section then applies to the increased amount of tax until more improvements, if any, are made.

(c) The limitation on tax increases required by this section expires if on January 1:

(1) none of the owners of the structure who qualify for the exemption and who owned the structure when the limitation first took effect is using the structure as a residence homestead; or

(2) none of the owners of the structure qualifies for the exemption.

(d) If the appraisal roll provides for taxation of appraised value for a prior year because a residence homestead exemption for individuals 65 years of age or older or for disabled individuals was erroneously allowed, the tax assessor shall add, as back taxes due as provided by Section 26.09(d), the positive difference if any

between the tax that should have been imposed for that year and the tax that was imposed because of the provisions of this section.

(e) For each school district in an appraisal district, the chief appraiser shall determine the portion of the appraised value of residence homesteads of individuals on which school district taxes are not imposed in a tax year because of the limitation on tax increases imposed by this section. That portion is calculated by determining the taxable value that, if multiplied by the tax rate adopted by the school district for the tax year, would produce an amount equal to the amount of tax that would have been imposed by the school district on those residence homesteads if the limitation on tax increases imposed by this section were not in effect, but that was not imposed because of that limitation. The chief appraiser shall determine that taxable value and certify it to the comptroller as soon as practicable for each tax year.

(f) The limitation on tax increases required by this section does not expire because the owner of an interest in the structure conveys the interest to a qualifying trust as defined by Section 11.13(j) if the owner or the owner's spouse is a trustor of the trust and is entitled to occupy the structure.

(g) Except as provided by Subsection (b), if an individual who receives a limitation on tax increases imposed by this section, including a surviving spouse who receives a limitation under Subsection (i), subsequently qualifies a different residence homestead for the same exemption under Section 11.13, a school district may not impose ad valorem taxes on the subsequently qualified homestead in a year in an amount that exceeds the amount of taxes the school district would have imposed on the subsequently qualified homestead in the first year in which the individual receives that same exemption for the subsequently qualified homestead had the limitation on tax increases imposed by this section not been in effect, multiplied by a fraction the numerator of which is the total amount of school district taxes imposed on the former homestead in the last year in which the individual received that same exemption for the former homestead and the denominator of which is the total amount of school district taxes that would have been imposed on the former homestead in the last year in which the individual received that same exemption for the former homestead had the limitation on tax increases imposed by this section not been in effect.

(h) An individual who receives a limitation on tax increases under this section, including a surviving spouse who receives a limitation under Subsection (i), and

who subsequently qualifies a different residence homestead for an exemption under Section 11.13, or an agent of the individual, is entitled to receive from the chief appraiser of the appraisal district in which the former homestead was located a written certificate providing the information necessary to determine whether the individual may qualify for that same limitation on the subsequently qualified homestead under Subsection (g) and to calculate the amount of taxes the school district may impose on the subsequently qualified homestead.

(i) If an individual who qualifies for the exemption provided by Section 11.13(c) [~~for an individual 65 years of age or older~~] dies, the surviving spouse of the individual is entitled to the limitation applicable to the residence homestead of the individual if:

(1) the surviving spouse is 55 years of age or older when the individual dies; and

(2) the residence homestead of the individual:

(A) is the residence homestead of the surviving spouse on the date that the individual dies; and

(B) remains the residence homestead of the surviving spouse.

(i-1) A limitation under Subsection (i) applicable to the residence homestead of the surviving spouse of an individual who was disabled and who died before January 1, 2020, is calculated as if the surviving spouse was entitled to the limitation when the individual died.

(j) If an individual who qualifies for an exemption provided by Section 11.13(c) for an individual 65 years of age or older dies in the first year in which the individual qualified for the exemption and the individual first qualified for the exemption after the beginning of that year, except as provided by Subsection (k), the amount to which the surviving spouse's school district taxes are limited under Subsection (i) is the amount of school district taxes imposed on the residence homestead in that year determined as if the individual qualifying for the exemption had lived for the entire year.

(k) If in the first tax year after the year in which an individual dies in the circumstances described by Subsection (j) the amount of school district taxes imposed on the residence homestead of the surviving spouse is less than the amount of school district taxes imposed in the preceding year as limited by

Subsection (j), in a subsequent tax year the surviving spouse's school district taxes on that residence homestead are limited to the amount of taxes imposed by the district in that first tax year after the year in which the individual dies.

(l) For the purpose of calculating a limitation on ad valorem tax increases by a school district under this section, an individual who qualified a residence homestead before January 1, 2003, for an exemption under Section 11.13(c) for a disabled individual is considered to have first qualified the homestead for that exemption on January 1, 2003.

(m) For the purpose of qualifying under Subsection (g) for the limitation on ad valorem taxes on a subsequently qualified homestead imposed by a school district, the residence homestead of a disabled individual may be considered to be a subsequently qualified homestead only if the disabled individual qualified the former homestead for an exemption under Section 11.13(c) for a disabled individual for a tax year beginning on or after January 1, 2003.

(n) Notwithstanding Subsection (c), the limitation on tax increases required by this section does not expire if the owner of the structure qualifies for an exemption under Section 11.13 under the circumstances described by Section 11.135(a).

(o) Notwithstanding Subsections (a), (a-3), and (b), an improvement to property that would otherwise constitute an improvement under Subsection (b) is not treated as an improvement under that subsection if the improvement is a replacement structure for a structure that was rendered uninhabitable or unusable by a casualty or by wind or water damage. For purposes of appraising the property in the tax year in which the structure would have constituted an improvement under Subsection (b), the replacement structure is considered to be an improvement under that subsection only if:

(1) the square footage of the replacement structure exceeds that of the replaced structure as that structure existed before the casualty or damage occurred; or

(2) the exterior of the replacement structure is of higher quality construction and composition than that of the replaced structure.

Effective: January 1, 2020

SECTION 4. This Act applies only to a tax year beginning on or after the effective date of this Act.

S.B. 1943

SECTION 4. Section 11.26, Tax Code, is amended by **adding Subsection (p)** to read as follows:

(p) An heir property owner who qualifies heir property as the owner's residence homestead under this chapter is considered the sole owner of the property for the purposes of this section.

Effective: September 1, 2019

SECTION 11. Not later than January 1, 2020, the comptroller of public accounts shall make available the pamphlet required by Section 5.061, Tax Code, as added by this Act.

SECTION 12. The changes in law made by this Act apply only to an ad valorem tax year that begins on or after the effective date of this Act.

§ 11.261

S.B. 1943

SECTION 5. Section 11.261, Tax Code, is amended by **adding Subsection (n)** to read as follows:

§ 11.261. Limitation of County, Municipal, or Junior College District Tax on Homesteads of Disabled and Elderly

(a) This section applies only to a county, municipality, or junior college district that has established a limitation on the total amount of taxes that may be imposed

by the county, municipality, or junior college district on the residence homestead of a disabled individual or an individual 65 years of age or older under Section 1-b(h), Article VIII, Texas Constitution.

(b) The tax officials shall appraise the property to which the limitation applies and calculate taxes as on other property, but if the tax so calculated exceeds the limitation provided by this section, the tax imposed is the amount of the tax as limited by this section, except as otherwise provided by this section. The county, municipality, or junior college district may not increase the total annual amount of ad valorem taxes the county, municipality, or junior college district imposes on the residence homestead of a disabled individual or an individual 65 years of age or older above the amount of the taxes the county, municipality, or junior college district imposed on the residence homestead in the first tax year, other than a tax year preceding the tax year in which the county, municipality, or junior college district established the limitation described by Subsection (a), in which the individual qualified that residence homestead for the exemption provided by Section 11.13(c) for a disabled individual or an individual 65 years of age or older. If the individual qualified that residence homestead for the exemption after the beginning of that first year and the residence homestead remains eligible for the exemption for the next year, and if the county, municipal, or junior college district taxes imposed on the residence homestead in the next year are less than the amount of taxes imposed in that first year, a county, municipality, or junior college district may not subsequently increase the total annual amount of ad valorem taxes it imposes on the residence homestead above the amount it imposed on the residence homestead in the year immediately following the first year, other than a tax year preceding the tax year in which the county, municipality, or junior college district established the limitation described by Subsection (a), for which the individual qualified that residence homestead for the exemption.

(c) If an individual makes improvements to the individual's residence homestead, other than repairs and other than improvements required to comply with governmental requirements, the county, municipality, or junior college district may increase the amount of taxes on the homestead in the first year the value of the homestead is increased on the appraisal roll because of the enhancement of value by the improvements. The amount of the tax increase is determined by applying the current tax rate to the difference between the appraised value of the homestead with the improvements and the appraised value it would have had without the improvements. A limitation provided by this section then applies to the increased

amount of county, municipal, or junior college district taxes on the residence homestead until more improvements, if any, are made.

(d) A limitation on county, municipal, or junior college district tax increases provided by this section expires if on January 1:

(1) none of the owners of the structure who qualify for the exemption provided by Section 11.13(c) for a disabled individual or an individual 65 years of age or older and who owned the structure when the limitation provided by this section first took effect is using the structure as a residence homestead; or

(2) none of the owners of the structure qualifies for the exemption provided by Section 11.13(c) for a disabled individual or an individual 65 years of age or older.

(e) If the appraisal roll provides for taxation of appraised value for a prior year because a residence homestead exemption for disabled individuals or individuals 65 years of age or older was erroneously allowed, the tax assessor for the applicable county, municipality, or junior college district shall add, as back taxes due as provided by Section 26.09(d), the positive difference, if any, between the tax that should have been imposed for that year and the tax that was imposed because of the provisions of this section.

(f) A limitation on tax increases provided by this section does not expire because the owner of an interest in the structure conveys the interest to a qualifying trust as defined by Section 11.13(j) if the owner or the owner's spouse is a trustor of the trust and is entitled to occupy the structure.

(g) Except as provided by Subsection (c), if an individual who receives a limitation on county, municipal, or junior college district tax increases provided by this section subsequently qualifies a different residence homestead in the same county, municipality, or junior college district for an exemption under Section 11.13, the county, municipality, or junior college district may not impose ad valorem taxes on the subsequently qualified homestead in a year in an amount that exceeds the amount of taxes the county, municipality, or junior college district would have imposed on the subsequently qualified homestead in the first year in which the individual receives that exemption for the subsequently qualified homestead had the limitation on tax increases provided by this section not been in effect, multiplied by a fraction the numerator of which is the total amount of taxes the

county, municipality, or junior college district imposed on the former homestead in the last year in which the individual received that exemption for the former homestead and the denominator of which is the total amount of taxes the county, municipality, or junior college district would have imposed on the former homestead in the last year in which the individual received that exemption for the former homestead had the limitation on tax increases provided by this section not been in effect.

(h) An individual who receives a limitation on county, municipal, or junior college district tax increases under this section and who subsequently qualifies a different residence homestead in the same county, municipality, or junior college district for an exemption under Section 11.13, or an agent of the individual, is entitled to receive from the chief appraiser of the appraisal district in which the former homestead was located a written certificate providing the information necessary to determine whether the individual may qualify for a limitation on the subsequently qualified homestead under Subsection (g) and to calculate the amount of taxes the county, municipality, or junior college district may impose on the subsequently qualified homestead.

(i) If an individual who qualifies for a limitation on county, municipal, or junior college district tax increases under this section dies, the surviving spouse of the individual is entitled to the limitation on taxes imposed by the county, municipality, or junior college district on the residence homestead of the individual if:

(1) the surviving spouse is disabled or is 55 years of age or older when the individual dies; and

(2) the residence homestead of the individual:

(A) is the residence homestead of the surviving spouse on the date that the individual dies; and

(B) remains the residence homestead of the surviving spouse.

(j) If an individual who is 65 years of age or older and qualifies for a limitation on county, municipal, or junior college district tax increases for the elderly under this section dies in the first year in which the individual qualified for the limitation and the individual first qualified for the limitation after the beginning of that year, except as provided by Subsection (k), the amount to which the surviving spouse's county, municipal, or junior college district taxes are limited under Subsection (i)

is the amount of taxes imposed by the county, municipality, or junior college district, as applicable, on the residence homestead in that year determined as if the individual qualifying for the exemption had lived for the entire year.

(k) If in the first tax year after the year in which an individual who is 65 years of age or older dies under the circumstances described by Subsection (j) the amount of taxes imposed by a county, municipality, or junior college district on the residence homestead of the surviving spouse is less than the amount of taxes imposed by the county, municipality, or junior college district in the preceding year as limited by Subsection (j), in a subsequent tax year the surviving spouse's taxes imposed by the county, municipality, or junior college district on that residence homestead are limited to the amount of taxes imposed by the county, municipality, or junior college district in that first tax year after the year in which the individual dies.

(l) Notwithstanding Subsection (d), a limitation on county, municipal, or junior college district tax increases provided by this section does not expire if the owner of the structure qualifies for an exemption under Section 11.13 under the circumstances described by Section 11.135(a).

(m) Notwithstanding Subsections (b) and (c), an improvement to property that would otherwise constitute an improvement under Subsection (c) is not treated as an improvement under that subsection if the improvement is a replacement structure for a structure that was rendered uninhabitable or unusable by a casualty or by wind or water damage. For purposes of appraising the property in the tax year in which the structure would have constituted an improvement under Subsection (c), the replacement structure is considered to be an improvement under that subsection only if:

(1) the square footage of the replacement structure exceeds that of the replaced structure as that structure existed before the casualty or damage occurred; or

(2) the exterior of the replacement structure is of higher quality construction and composition than that of the replaced structure.

(n) An heir property owner who qualifies heir property as the owner's residence homestead under this chapter is considered the sole owner of the property for the purposes of this section.

Effective: September 1, 2019

SECTION 11. Not later than January 1, 2020, the comptroller of public accounts shall make available the pamphlet required by Section 5.061, Tax Code, as added by this Act.

SECTION 12. The changes in law made by this Act apply only to an ad valorem tax year that begins on or after the effective date of this Act.

§11.35

H.B. 492

SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by **adding Section 11.35** to read as follows:

Sec. 11.35. TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY DISASTER.

(a) In this section, "qualified property" means property that:

(1) consists of:

(A) tangible personal property used for the production of income;

(B) an improvement to real property; or

(C) a manufactured home as that term is defined by Section 1201.003, Occupations Code, that is used as a dwelling, regardless of whether the owner of the manufactured home elects to treat the manufactured home as real property under Section 1201.2055, Occupations Code;

(2) is located in an area declared by the governor to be a disaster area following a disaster;

(3) is at least 15 percent damaged by the disaster, as determined by the chief appraiser under this section; and

(4) for property described by Subdivision (1)(A), is the subject of a rendition statement or property report filed by the property owner under Section 22.01 that demonstrates that the property had taxable situs in the disaster area for the tax year in which the disaster occurred.

(b) A person is entitled to an exemption from taxation by a taxing unit of a portion of the appraised value of qualified property that the person owns in an amount determined under Subsection (h).

(c)Notwithstanding Subsection (b), if the governor first declares territory in a taxing unit to be a disaster area as a result of a disaster on or after the date a taxing unit adopts a tax rate for the tax year in which the declaration is issued, a person is not entitled to the exemption for that tax year unless the governing body of the taxing unit adopts the exemption in the manner provided by law for official action by the body.

(d) An exemption adopted by the governing body of a taxing unit under Subsection (c) must:

(1) specify the disaster to which the exemption pertains; and

(2) be adopted not later than the 60th day after the date the governor first declares territory in the taxing unit to be a disaster area as a result of the disaster.

(e) A taxing unit the governing body of which adopts an exemption under Subsection (c) shall, not later than the seventh day after the date the governing body adopts the exemption, notify the chief appraiser of each appraisal district in which the taxing unit participates, the assessor for the taxing unit, and the comptroller of the adoption of the exemption.

(f) On receipt of an application for the exemption authorized by this section, the chief appraiser shall determine whether any item of qualified property that is the subject of the application is at least 15 percent damaged by the disaster and assign to each such item of qualified property a damage assessment rating of Level I, Level II, Level III, or Level IV, as appropriate, as provided by Subsection (g). In determining the appropriate damage assessment rating, the chief appraiser may rely on information provided by a county emergency management authority, the Federal Emergency Management Agency, or any other source the chief appraiser considers appropriate.

(g) The chief appraiser shall assign to an item of qualified property:

(1) a Level I damage assessment rating if the property is at least 15 percent, but less than 30 percent, damaged, meaning that the property suffered minimal damage and may continue to be used as intended;

(2) a Level II damage assessment rating if the property is at least 30 percent, but less than 60 percent, damaged, which, for qualified property described by Subsection (a)(1)(B) or (C), means that the property has suffered only nonstructural damage, including nonstructural damage to the roof, walls, foundation, or mechanical components, and the waterline, if any, is less than 18 inches above the floor;

(3) a Level III damage assessment rating if the property is at least 60 percent damaged but is not a total loss, which, for qualified property described by Subsection (a)(1)(B) or (C), means that the property has suffered significant structural damage requiring extensive repair due to the failure or partial failure of structural elements, wall elements, or the foundation, or the waterline is at least 18 inches above the floor; or

(4) a Level IV damage assessment rating if the property is a total loss, meaning that repair of the property is not feasible.

(h) Subject to Subsection (i), the amount of the exemption authorized by this section for an item of qualified property is determined by multiplying the appraised value, determined for the tax year in which the disaster occurred, of the property by:

(1) 15 percent, if the property is assigned a Level I damage assessment rating;

(2) 30 percent, if the property is assigned a Level II damage assessment rating;

(3) 60 percent, if the property is assigned a Level III damage assessment rating; or

(4) 100 percent, if the property is assigned a Level IV damage assessment rating.

(i) If a person qualifies for the exemption authorized by this section after the beginning of the tax year, the amount of the exemption is calculated by multiplying the amount determined under Subsection (h) by a fraction, the denominator of which is 365 and the numerator of which is the number of days remaining in the tax year after the day on which the governor first declares the area in which the person's qualified property is located to be a disaster area, including the day on which the governor makes the declaration.

(j) If a person qualifies for the exemption authorized by this section after the amount of the tax due on the qualified property is calculated and the effect of the qualification is to reduce the amount of the tax due on the property, the assessor for each applicable taxing unit shall recalculate the amount of the tax due on the property and correct the tax roll. If the tax bill has been mailed and the tax on the property has not been paid, the assessor shall mail a corrected tax bill to the person in whose name the property is listed on the tax roll or to the person 's authorized agent. If the tax on the property has been paid, the tax collector for the taxing unit shall refund to the person who paid the tax the amount by which the payment exceeded the tax due. No interest is due on an amount refunded under this subsection.

(k) The exemption authorized by this section expires as to an item of qualified property on January 1 of the first tax year in which the property is reappraised under Section 25.18.

Effective: January 1, 2020 (only if the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, authorizing the legislature to provide for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property damaged by a disaster is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.)

SECTION 11. Section 11.35, Tax Code, as added by this Act, applies only to ad valorem taxes imposed for a tax year that begins on or after the effective date of this Act.

§ 11.41

S.B. 1943

SECTION 6. Section 11.41, Tax Code, is amended by **adding Subsection (c)** to read as follows:

§ 11.41. Partial Ownership of Exempt Property

(a) If a person who qualifies for an exemption as provided by this chapter is not the sole owner of the property to which the exemption applies, the exemption shall be multiplied by a fraction, the numerator of which is the value of the property interest the person owns and the denominator of which is the value of the property.

(b) In the application of this section, community ownership by a person who qualifies for the exemption and the person's spouse is treated as if the person owns the community interest of the person's spouse.

(c) An heir property owner who qualifies heir property as the owner's residence homestead under this chapter is considered the sole owner of the property for the purposes of this section.

Effective: September 1, 2019

SECTION 11. Not later than January 1, 2020, the comptroller of public accounts shall make available the pamphlet required by Section 5.061, Tax Code, as added by this Act.

SECTION 12. The changes in law made by this Act apply only to an ad valorem tax year that begins on or after the effective date of this Act.

§ 11.42

H.B. 2859

SECTION 2. Section 11.42**(b), Tax Code, is amended** to read as follows:

§ 11.42. Exemption Qualification Date

(a) Except as provided by Subsections (b) and (c) and by Sections 11.421, 11.422, 11.434, 11.435, and 11.436, eligibility for and amount of an exemption authorized by this chapter for any tax year are determined by a claimant's qualifications on January 1. A person who does not qualify for an exemption on January 1 of any year may not receive the exemption that year.

(b) An exemption authorized by Section 11.11 **or 11.141** is effective immediately on qualification for the exemption.

(c) An exemption authorized by Section 11.13(c) or (d), 11.132, 11.133, or 11.134 is effective as of January 1 of the tax year in which the person qualifies for the exemption and applies to the entire tax year.

(d) A person who acquires property after January 1 of a tax year may receive an exemption authorized by Section 11.17, 11.18, 11.19, 11.20, 11.21, 11.23, 11.231, or 11.30 for the applicable portion of that tax year immediately on qualification for the exemption.

Effective: January 1, 2020 (only if the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, authorizing the legislature to exempt from ad valorem taxation precious metal held in a precious metal depository located in this state is approved by the voters. If that amendment is not approved by the voters, this Act has no effect).

H.B. 492

Section 2: Section 11.42**(e), Tax Code, is amended** to read as follows:

(e) A person who qualifies for an exemption under Section 11.131 **or 11.35** after January 1 of a tax year may receive the exemption for the applicable portion of that tax year immediately on qualification for the exemption.

Effective: January 1, 2020 ("only if the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, authorizing the legislature to provide for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property damaged by a disaster is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.").

§11.43

H.B. 2859

SECTION 3. Section 11.43**(a), Tax Code, is amended** to read as follows:

§ 11.43. Application for Exemption

(a) To receive an exemption, a person claiming the exemption, other than an exemption authorized by Section 11.11, 11.12, 11.14, **11.141,** 11.145, 11.146, 11.15, 11.16, 11.161, or 11.25 ~~[of this code]~~, must apply for the exemption. To apply for an exemption, a person must file an exemption application form with the chief appraiser for each appraisal district in which the property subject to the claimed exemption has situs.

(b) Except as provided by Subsection (c) and by Sections 11.184 and 11.437, a person required to apply for an exemption must apply each year the person claims entitlement to the exemption.

Effective: January 1, 2020 ("only if the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, authorizing the legislature to exempt from ad valorem taxation precious metal held in a precious metal depository located in this state is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.").

H.B. 492

SECTION 3: Section 11.43, Tax Code, is amended by **amending Subsection (c)** and **adding Subsection (s)** to read as follows:

(c) An exemption provided by Section 11.13, 11.131, 11.132, 11.133, 11.134, 11.17, 11.18, 11.182, 11.1827, 11.183, 11.19, 11.20, 11.21, 11.22, 11.23(a), (h), (j), (j-1), or (m), 11.231, 11.254, 11.27, 11.271, 11.29, 11.30, 11.31, [~~or~~] 11.315, **or 11.35**, once allowed, need not be claimed in subsequent years, and except as otherwise provided by Subsection (e), the exemption applies to the property until it changes ownership or the person 's qualification for the exemption changes. However, except as provided by Subsection (r), the chief appraiser may require a person allowed one of the exemptions in a prior year to file a new application to confirm the person 's current qualification for the exemption by delivering a written notice that a new application is required, accompanied by an appropriate application form, to the person previously allowed the exemption. If the person previously allowed the exemption is 65 years of age or older, the chief appraiser may not cancel the exemption due to the person 's failure to file the new application unless the chief appraiser complies with the requirements of Subsection (q), if applicable.

(d) To receive an exemption the eligibility for which is determined by the claimant's qualifications on January 1 of the tax year, a person required to claim an exemption must file a completed exemption application form before May 1 and must furnish the information required by the form. A person who after January 1 of a tax year acquires property that qualifies for an exemption covered by Section 11.42(d) must apply for the exemption for the applicable portion of that tax year before the first anniversary of the date the person acquires the property. For good cause shown the chief appraiser may extend the deadline for filing an exemption application by written order for a single period not to exceed 60 days.

(e) Except as provided by Section 11.422, 11.431, 11.433, 11.434, 11.435, or 11.439, or 11.4391, if a person required to apply for an exemption in a given year fails to file timely a completed application form, the person may not receive the exemption for that year.

(f) The comptroller, in prescribing the contents of the application form for each kind of exemption, shall ensure that the form requires an applicant to furnish the information necessary to determine the validity of the exemption claim. The form must require an applicant to provide the applicant's name and driver's license

number, personal identification certificate number, or social security account number. If the applicant is a charitable organization with a federal tax identification number, the form must allow the applicant to provide the organization's federal tax identification number in lieu of a driver's license number, personal identification certificate number, or social security account number. The comptroller shall include on the forms a notice of the penalties prescribed by Section 37.10, Penal Code, for making or filing an application containing a false statement. The comptroller shall include, on application forms for exemptions that do not have to be claimed annually, a statement explaining that the application need not be made annually and that if the exemption is allowed, the applicant has a duty to notify the chief appraiser when the applicant's entitlement to the exemption ends. In this subsection:

(1) “Driver's license” has the meaning assigned that term by Section 521.001, Transportation Code.

(2) “Personal identification certificate” means a certificate issued by the Department of Public Safety under Subchapter E, Chapter 521, Transportation Code.1

(g) A person who receives an exemption that is not required to be claimed annually shall notify the appraisal office in writing before May 1 after his entitlement to the exemption ends.

(h) If the chief appraiser learns of any reason indicating that an exemption previously allowed should be canceled, the chief appraiser shall investigate. Subject to Subsection (q), if the chief appraiser determines that the property should not be exempt, the chief appraiser shall cancel the exemption and deliver written notice of the cancellation within five days after the date the exemption is canceled.

(i) If the chief appraiser discovers that an exemption that is not required to be claimed annually has been erroneously allowed in any one of the five preceding years, the chief appraiser shall add the property or appraised value that was erroneously exempted for each year to the appraisal roll as provided by Section 25.21 of this code for other property that escapes taxation. If an exemption that was erroneously allowed did not apply to all taxing units in which the property was located, the chief appraiser shall note on the appraisal records, for each prior year, the taxing units that gave the exemption and are entitled to impose taxes on the property or value that escaped taxation.

(j) In addition to the items required by Subsection (f), an application for a residence homestead exemption prescribed by the comptroller and authorized by Section 11.13 must:

(1) list each owner of the residence homestead and the interest of each owner;

(2) state that the applicant does not claim an exemption under that section on another residence homestead in this state or claim a residence homestead exemption on a residence homestead outside this state;

(3) state that each fact contained in the application is true;

(4) include a copy of the applicant's driver's license or state-issued personal identification certificate unless the applicant:

(A) is a resident of a facility that provides services related to health, infirmity, or aging; or

(B) is certified for participation in the address confidentiality program administered by the attorney general under Subchapter C, Chapter 56, Code of Criminal Procedure;2

(5) state that the applicant has read and understands the notice of the penalties required by Subsection (f); and

(6) be signed by the applicant.

(k) A person who qualifies for an exemption authorized by Section 11.13(c) or (d) or 11.132 must apply for the exemption no later than the first anniversary of the date the person qualified for the exemption.

(l) The form for an application under Section 11.13 must include a space for the applicant to state the applicant's date of birth. Failure to provide the date of birth does not affect the applicant's eligibility for an exemption under that section, other than an exemption under Section 11.13(c) or (d) for an individual 65 years of age or older.

(m) Notwithstanding Subsections (a) and (k), a person who receives an exemption under Section 11.13, other than an exemption under Section 11.13(c) or (d) for an individual 65 years of age or older, in a tax year is entitled to receive an exemption under Section 11.13(c) or (d) for an individual 65 years of age or older in the next

tax year on the same property without applying for the exemption if the person becomes 65 years of age in that next year as shown by:

(1) information in the records of the appraisal district that was provided to the appraisal district by the individual in an application for an exemption under Section 11.13 on the property or in correspondence relating to the property; or

(2) the information provided by the Texas Department of Public Safety to the appraisal district under Section 521.049, Transportation Code.

(m-1) Subsection (m) does not apply if the chief appraiser determines that the individual is no longer entitled to any exemption under Section 11.13 on the property.

(n) Except as provided by Subsection (p), a chief appraiser may not allow an applicant an exemption provided by Section 11.13 if the applicant is required under Subsection (j) to provide a copy of the applicant's driver's license or state-issued personal identification certificate unless the address listed on the driver's license or state-issued personal identification certificate provided by the applicant corresponds to the address of the property for which the exemption is claimed.

Effective: January 1, 2020 ("only if the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, authorizing the legislature to provide for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property damaged by a disaster is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.").

S.B. 1943

SECTION 7. Section 11.43, Tax Code, is amended by **amending Subsection (o)** and **adding Subsections (o-1) and (o-2)** to read as follows:

(o) The application form for **a residence homestead** ~~[an]~~ exemption ~~[authorized by Section 11.13]~~ must require an applicant ~~[for an exemption under Subsection (c) or (d) of that section]~~ who is not specifically identified on a deed or other appropriate instrument recorded in the ~~[applicable]~~ real property records **of the**

county in which the property is located as an owner of the residence homestead**, including an heir property owne**r, to provide ~~[an affidavit or other compelling evidence establishing the applicant's ownership of an interest in the homestead.]~~[7]:

(1) an affidavit ~~[or other compelling evidence]~~ establishing the applicant's ownership of an interest in the **property;**

(2) a copy of the death certificate of the prior owner of the property, if the applicant is an heir property owner;

(3) a copy of the most recent utility bill for the property, if the applicant is an heir property owner; and

(4) a citation of any court record relating to the applicant's ownership of the property if available ~~[homestead].~~

(o-1) The application form for a residence homestead exemption may not require an heir property owner to provide a copy of an instrument recorded in the real property records of the county in which the property is located.

(o-2) The application form for a residence homestead exemption must require:

(1) an applicant who is an heir property owner to state that the property for which the application is submitted is heir property; and

(2) each owner of an interest in heir property who occupies the property as the owner's principal residence, other than the applicant, to provide an affidavit that authorizes the submission of the application.

(p) A chief appraiser may waive the requirement provided by Subsection (n) that the address of the property for which the exemption is claimed correspond to the address listed on the driver's license or state-issued personal identification certificate provided by the applicant under Subsection (j) if the applicant:

(1) is an active duty member of the armed services of the United States or the spouse of an active duty member and the applicant includes with the application a copy of the applicant's or spouse's military identification card and a copy of a utility bill for the property subject to the claimed exemption in the applicant's or spouse's name; or

[7] Moved to § 11.43(o)(1).

(2) holds a driver's license issued under Section 521.121(c) or 521.1211, Transportation Code, and includes with the application a copy of the application for that license provided to the Texas Department of Transportation.

(q) A chief appraiser may not cancel an exemption under Section 11.13 that is received by an individual who is 65 years of age or older without first providing written notice of the cancellation to the individual receiving the exemption. The notice must include a form on which the individual may indicate whether the individual is qualified to receive the exemption and a self-addressed postage prepaid envelope with instructions for returning the form to the chief appraiser. The chief appraiser shall consider the individual's response on the form in determining whether to continue to allow the exemption. If the chief appraiser does not receive a response on or before the 60th day after the date the notice is mailed, the chief appraiser may cancel the exemption on or after the 30th day after the expiration of the 60-day period, but only after making a reasonable effort to locate the individual and determine whether the individual is qualified to receive the exemption. For purposes of this subsection, sending an additional notice of cancellation that includes, in bold font equal to or greater in size than the surrounding text, the date on which the chief appraiser is authorized to cancel the exemption to the individual receiving the exemption immediately after the expiration of the 60-day period by first class mail in an envelope on which is written, in all capital letters, “RETURN SERVICE REQUESTED,” or another appropriate statement directing the United States Postal Service to return the notice if it is not deliverable as addressed, or providing the additional notice in another manner that the chief appraiser determines is appropriate, constitutes a reasonable effort on the part of the chief appraiser. This subsection does not apply to an exemption under Section 11.13(c) or (d) for an individual 65 years of age or older that is canceled because the chief appraiser determines that the individual receiving the exemption no longer owns the property subject to the exemption.

(r) The chief appraiser may not require a person allowed an exemption under Section 11.131 to file a new application to determine the person's current qualification for the exemption if the person has a permanent total disability determined by the United States Department of Veterans Affairs under 38 C.F.R. Section 4.15.

Effective: September 1, 2019

SECTION 11. Not later than January 1, 2020, the comptroller of public accounts shall make available the pamphlet required by Section 5.061, Tax Code, as added by this Act.

SECTION 12. The changes in law made by this Act apply only to an ad valorem tax year that begins on or after the effective date of this Act.

H.B. 492

SECTION 3: Section 11.43, Tax Code, is amended by . . . **adding Subsection (s)** to read as follows:

(s) A person who qualifies for an exemption under Section 11.35(b) must apply for the exemption not later than the 105th day after the date the governor declares the area in which the person 's qualified property is located to be a disaster area. A person who qualifies for an exemption under Section 11.35(c) must apply for the exemption not later than the 45th day after the date the governing body of the taxing unit adopts the exemption. The chief appraiser may extend the deadlines prescribed by this subsection for good cause shown.

Effective: January 1, 2020 ("only if the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, authorizing the legislature to provide for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property damaged by a disaster is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.").

§ 11.431

S.B. 1856

SECTION 2. Section 11.431**(b), Tax Code, is amended** to read as follows:

§ 11.431. Late Application for Homestead Exemption

(a) The chief appraiser shall accept and approve or deny an application for a residence homestead exemption, including an exemption under Section 11.131 or 11.132 for the residence homestead of a disabled veteran or the surviving spouse of a disabled veteran, an exemption under Section 11.133 for the residence homestead of the surviving spouse of a member of the armed services of the United States who is killed in action, or an exemption under Section 11.134 for the residence homestead of the surviving spouse of a first responder who is killed or fatally injured in the line of duty, after the deadline for filing it has passed if it is filed not later than two years after the delinquency date for the taxes on the homestead.

(b) If a late application is approved after approval of the appraisal records by the appraisal review board, the chief appraiser shall notify the collector for each unit in which the residence is located not later than the 30th day after the date the late application is approved. The collector shall deduct from the person's tax bill the amount of tax imposed on the exempted amount if the tax has not been paid. If the tax has been paid, the collector shall refund **to the person who was the owner of the property on the date the tax was paid** the amount of tax imposed on the exempted amount. The collector shall pay the refund not later than the 60th day after the date the chief appraiser notifies the collector of the approval of the exemption. A person is not required to apply for a refund under this subsection to receive the refund.

Effective: September 1, 2019

SECTION 7. The change in law made by this Act applies only to a refund made on or after the effective date of this Act.

§ 11.439

S.B. 1856

SECTION 3. Section 11.439**(b), Tax Code, is amended** to read as follows:

§ 11.439. Late Application for Disabled Veterans Exemption

(a) The chief appraiser shall accept and approve or deny an application for an exemption under Section 11.22 after the filing deadline provided by Section 11.43 if the application is filed not later than five years after the delinquency date for the taxes on the property.

(b) If a late application is approved after approval of the appraisal records for the year for which the exemption is granted, the chief appraiser shall notify the collector for each taxing unit in which the property was taxable in that year not later than the 30th day after the date the late application is approved. The collector shall correct the taxing unit's tax roll to reflect the amount of tax imposed on the property after applying the exemption and shall deduct from the person's tax bill the amount of tax imposed on the exempted portion of the property for that year. If the tax and any related penalties and interest have been paid, the collector shall pay to the person **who was the owner of the property on the date the tax was paid** a refund of the tax imposed on the exempted portion of the property and the corresponding portion of any related penalties and interest paid. The collector shall pay the refund not later than the 60th day after the date the chief appraiser notifies the collector of the approval of the exemption.

Effective: September 1, 2019

SECTION 7. The change in law made by this Act applies only to a refund made on or after the effective date of this Act.

§ 11.4391

S.B. 2

SECTION 26. Section 11.4391**(a), Tax Code, is amended** to read as follows:

§ 11.4391. Late Application for Freeport Exemption

(a) The chief appraiser shall accept and approve or deny an application for an exemption for freeport goods under Section 11.251 after the deadline for filing it has passed if it is filed **on or before the** ~~[not]~~ later **of** ~~[than June 15]~~[8]

(1) ~~[than]~~ June 15**; or**

(2) if applicable, the 60th day after the date on which the chief appraiser delivers notice to the property owner under Section 22.22.

(b) If the application is approved, the property owner is liable to each taxing unit for a penalty in an amount equal to 10 percent of the difference between the amount of tax imposed by the taxing unit on the inventory or property, a portion of which consists of freeport goods, and the amount that would otherwise have been imposed.

(c) The chief appraiser shall make an entry on the appraisal records for the inventory or property indicating the property owner's liability for the penalty and shall deliver a written notice of imposition of the penalty, explaining the reason for its imposition, to the property owner.

(d) The tax assessor for a taxing unit that taxes the inventory or property shall add the amount of the penalty to the property owner's tax bill, and the tax collector for the unit shall collect the penalty at the time and in the manner the collector collects the tax. The amount of the penalty constitutes a lien against the inventory or property against which the penalty is imposed, as if it were a tax, and accrues penalty and interest in the same manner as a delinquent tax.

Effective: January 1, 2020

SECTION 103. Sections 11.4391(a) and 22.23(d), Tax Code, as amended by this Act, apply only to ad valorem taxes imposed for a tax year beginning on or after January 1, 2020.

[8] Moved to § 11.4391(a)(1).

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 11.45

H.B. 492

SECTION 4. Section 11.45, Tax Code, is amended by **adding Subsection (e)** to read as follows:

§ 11.45. Action on Exemption Applications

(a) The chief appraiser shall determine separately each applicant's right to an exemption. After considering the application and all relevant information, the chief appraiser shall, as the law and facts warrant:

(1) approve the application and allow the exemption;

(2) modify the exemption applied for and allow the exemption as modified;

(3) disapprove the application and request additional information from the applicant in support of the claim; or

(4) deny the application.

(b) If the chief appraiser requests additional information from an applicant, the applicant must furnish it within 30 days after the date of the request or the application is denied. However, for good cause shown the chief appraiser may extend the deadline for furnishing the information by written order for a single period not to exceed 15 days.

(c) The chief appraiser shall determine the validity of each application for exemption filed with him before he submits the appraisal records for review and determination of protests as provided by Chapter 41 of this code.

(d) If the chief appraiser modifies or denies an exemption, he shall deliver a written notice of the modification or denial to the applicant within five days after the date

he makes the determination. He shall include with the notice a brief explanation of the procedures for protesting his action.

(e) If the chief appraiser approves, modifies, or denies an application for an exemption under Section 11.35, the chief appraiser shall deliver a written notice of the approval, modification, or denial to the applicant not later than the fifth day after the date the chief appraiser makes the determination. The notice must include the damage assessment rating assigned by the chief appraiser to each item of qualified property that is the subject of the application and a brief explanation of the procedures for protesting the chief appraiser 's determination. The notice required under this subsection is in lieu of any notice that would otherwise be required under Subsection (d).

Effective January 1, 2020. ("only if the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, authorizing the legislature to provide for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property damaged by a disaster is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.")

§ 11.49

S.B. 1943

SECTION 8. Subchapter C, Chapter 11, Tax Code, is amended by **adding Section 11.49** to read as follows:

Sec. 11.49. LEGAL TITLE NOT AFFECTED.

(a) The grant or denial of an application by an heir property owner for a residence homestead exemption under this chapter does not affect the legal title of the property subject to the application and does not operate to transfer title to that property.

(b) An appraisal district, chief appraiser, appraisal review board, or county assessor-collector may not be made a party to a proceeding to adjudicate ownership of property described by Subsection (a) except as prescribed by this title.

Effective: September 1, 2019

SECTION 11. Not later than January 1, 2020, the comptroller of public accounts shall make available the pamphlet required by Section 5.061, Tax Code, as added by this Act

SECTION 12. The changes in law made by this Act apply only to an ad valorem tax year that begins on or after the effective date of this Act.

§21.09

H.B. 1815

SECTION 1. Section 21.09**(b), Tax Code, is amended** to read as follows:

§ 21.09. Allocation Application

(a) To receive an allocation authorized by Section 21.03, 21.031, 21.05, or 21.055, a person claiming the allocation must apply for the allocation. To apply for an allocation, a person must file an allocation application form with the chief appraiser in the appraisal district in which the property subject to the claimed allocation has taxable situs.

(b) A person claiming an allocation must apply for the allocation each year the person claims the allocation. A person claiming an allocation must file a completed allocation application form before **May** [~~April~~] 1 and must provide the information required by the form. If the property was not on the appraisal roll in the preceding year, the deadline for filing the allocation application form is extended to the 30th day after the date of receipt of the notice of appraised value required by Section 25.19(a)(3). For good cause shown, the chief appraiser shall extend the deadline

for filing an allocation application form by written order for a period not to exceed 30 days.

(c) The comptroller shall prescribe the contents of the allocation application form and shall ensure that the form requires an applicant to provide the information necessary to determine the validity of the allocation claim.

(d) If the chief appraiser learns of any reason indicating that an allocation previously allowed should be canceled, the chief appraiser shall investigate. If the chief appraiser determines that the property is not entitled to an allocation, the chief appraiser shall cancel the allocation and deliver written notice of the cancellation not later than the fifth day after the date the chief appraiser makes the cancellation. A person may protest the cancellation of an allocation.

(e) The filing of a rendition under Chapter 22 is not a condition of qualification for an allocation.

Effective: January 1, 2020

SECTION 2. This Act applies only to the allocation of the value of property for ad valorem tax purposes for a tax year beginning on or after the effective date of this Act.

§ 22.23

S.B. 2

SECTION 91. The following provisions **are repealed . . . (4) Texas Tax Code . . . 22.23(c),**

Section 22.23**(d), Tax Code, is amended** to read as follows:

§ 22.23. Filing Date

(a) Rendition statements and property reports must be delivered to the chief appraiser after January 1 and not later than April 15, except as provided by Section 22.02.

(b) On written request by the property owner, the chief appraiser shall extend a deadline for filing a rendition statement or property report to May 15. The chief appraiser may further extend the deadline an additional 15 days upon good cause shown in writing by the property owner.

~~[(c) Notwithstanding Subsections (a) and (b), rendition statements and property reports for property located in an appraisal district in which one or more taxing units exempt property under Section 11.251 must be delivered to the chief appraiser not later than April 1. On written request by the property owner, the chief appraiser shall extend the deadline provided by this subsection for filing a rendition statement or property report to May 1. The chief appraiser may further extend the deadline an additional 15 days for good cause shown in writing by the property owner.]~~

(d) Notwithstanding any other provision of this section, rendition statements and property reports **required to be filed by a property owner** [for property] regulated by the Public Utility Commission of Texas, the Railroad Commission of Texas, the federal Surface Transportation Board, or the Federal Energy Regulatory Commission must be delivered to the chief appraiser not later than April 30, except as provided by Section 22.02. **On written request by the property owner, the** ~~[The]~~ chief appraiser **shall extend the filing deadline to May 15. The chief appraiser** may **further** extend the ~~[filing]~~ deadline **an additional** 15 days for good cause shown in writing by the property owner.

Effective: January 1, 2020

SECTION 103. Sections 11.4391(a) and 22.23(d), Tax Code, as amended by this Act, apply only to ad valorem taxes imposed for a tax year beginning on or after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 23.01

H.B. 1313

SECTION 2. Section 23.01**(e), Tax Code, is amended** to read as follows:

§ 23.01. Appraisals Generally

(a) Except as otherwise provided by this chapter, all taxable property is appraised at its market value as of January 1.

(b) The market value of property shall be determined by the application of generally accepted appraisal methods and techniques. If the appraisal district determines the appraised value of a property using mass appraisal standards, the mass appraisal standards must comply with the Uniform Standards of Professional Appraisal Practice. The same or similar appraisal methods and techniques shall be used in appraising the same or similar kinds of property. However, each property shall be appraised based upon the individual characteristics that affect the property's market value, and all available evidence that is specific to the value of the property shall be taken into account in determining the property's market value.

(c) Notwithstanding Section 1.04(7)(C), in determining the market value of a residence homestead, the chief appraiser may not exclude from consideration the value of other residential property that is in the same neighborhood as the residence homestead being appraised and would otherwise be considered in appraising the residence homestead because the other residential property:

(1) was sold at a foreclosure sale conducted in any of the three years preceding the tax year in which the residence homestead is being appraised and was comparable at the time of sale based on relevant characteristics with other residence homesteads in the same neighborhood; or

(2) has a market value that has declined because of a declining economy.

(d) The market value of a residence homestead shall be determined solely on the basis of the property's value as a residence homestead, regardless of whether the residential use of the property by the owner is considered to be the highest and best use of the property.

(e) Notwithstanding any provision of this subchapter to the contrary, if the appraised value of property in a tax year is lowered under Subtitle F, the appraised value of the property as finally determined under that subtitle is considered to be the appraised value of the property for that tax year. In the ~~[following]~~ **next** tax year **in which the property is appraised**, the chief appraiser may not increase the appraised value of the property unless the increase by the chief appraiser is reasonably supported by **clear and convincing** ~~[substantial]~~ evidence when all of the reliable and probative evidence in the record is considered as a whole. If the appraised value is finally determined in a protest under Section 41.41(a)(2) or an appeal under Section 42.26, the chief appraiser may satisfy the requirement to reasonably support by **clear and convincing** ~~[substantial]~~ evidence an increase in the appraised value of the property in the **next** ~~[following]~~ tax year **in which the property has been appraised** by presenting evidence showing that the inequality in the appraisal of property has been corrected with regard to the properties that were considered in determining the value of the subject property. The burden of proof is on the chief appraiser to support an increase in the appraised value of property under the circumstances described by this subsection.

(f) The selection of comparable properties and the application of appropriate adjustments for the determination of an appraised value of property by any person under Section 41.43(b)(3) or 42.26(a)(3) must be based on the application of generally accepted appraisal methods and techniques. Adjustments must be based on recognized methods and techniques that are necessary to produce a credible opinion.

(g) Notwithstanding any other provision of this section, property owners representing themselves are entitled to offer an opinion of and present argument and evidence related to the market and appraised value or the inequality of appraisal of the owner's property.

Effective: January 1, 2020

SECTION 4. This Act applies only to a tax year beginning on or after the effective date of this Act.

S.B. 2

SECTION 28. Section 23.01, Tax Code, is amended by **adding Subsection (h)** to read as follows:

(h) Appraisal methods and techniques included in the most recent versions of the following are considered generally accepted appraisal methods and techniques for the purposes of this title:

(1) the Appraisal of Real Estate published by the Appraisal Institute;

(2) the Dictionary of Real Estate Appraisal published by the Appraisal Institute;

(3) the Uniform Standards of Professional Appraisal Practice published by The Appraisal Foundation; and

(4) a publication that includes information related to mass appraisal.

Effective: January 1, 2020

SECTION 95. Sections 5.05, 5.102, 5.13, and 23.01, Tax Code, as amended by this Act, apply only to the appraisal of property for ad valorem tax purposes for a tax year beginning on or after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 23.02

H.B. 492

SECTION 10. Section 23.02, Tax Code, **is repealed.**

Effective January 1, 2020

§ 23.23

S.B. 812

SECTION 1. Section 23.23**(g), Tax Code, is amended** to read as follows:

§ 23.23. Limitation on Appraised Value of Residence Homestead

(a) Notwithstanding the requirements of Section 25.18 and regardless of whether the appraisal office has appraised the property and determined the market value of the property for the tax year, an appraisal office may increase the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of:

(1) the market value of the property for the most recent tax year that the market value was determined by the appraisal office; or

(2) the sum of:

(A) 10 percent of the appraised value of the property for the preceding tax year;

(B) the appraised value of the property for the preceding tax year; and

(C) the market value of all new improvements to the property.

(b) When appraising a residence homestead, the chief appraiser shall:

(1) appraise the property at its market value; and

(2) include in the appraisal records both the market value of the property and the amount computed under Subsection (a)(2).

(c) The limitation provided by Subsection (a) takes effect as to a residence homestead on January 1 of the tax year following the first tax year the owner qualifies the property for an exemption under Section 11.13. The limitation expires on January 1 of the first tax year that neither the owner of the property when the limitation took effect nor the owner's spouse or surviving spouse qualifies for an exemption under Section 11.13.

(d) This section does not apply to property appraised under Subchapter C, D, E, F, or G.1

(e) In this section, “new improvement” means an improvement to a residence homestead made after the most recent appraisal of the property that increases the market value of the property and the value of which is not included in the appraised value of the property for the preceding tax year. The term does not include repairs to or ordinary maintenance of an existing structure or the grounds or another feature of the property.

(f) Notwithstanding Subsections (a) and (e) and except as provided by Subdivision (2), an improvement to property that would otherwise constitute a new improvement is not treated as a new improvement if the improvement is a replacement structure for a structure that was rendered uninhabitable or unusable by a casualty or by wind or water damage. For purposes of appraising the property under Subsection (a) in the tax year in which the structure would have constituted a new improvement:

(1) the appraised value the property would have had in the preceding tax year if the casualty or damage had not occurred is considered to be the appraised value of the property for that year, regardless of whether that appraised value exceeds the actual appraised value of the property for that year as limited by Subsection (a); and

(2) the replacement structure is considered to be a new improvement only if:

(A) the square footage of the replacement structure exceeds that of the replaced structure as that structure existed before the casualty or damage occurred; or

(B) the exterior of the replacement structure is of higher quality construction and composition than that of the replaced structure.

(g) In this subsection, "disaster recovery program" means the disaster recovery program administered by the General Land Office **or by a political subdivision of this state** that is funded with community development block grant disaster recovery money authorized by **federal law** ~~[the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Pub. L. No. 110-329) and the Consolidated and Further Continuing Appropriations Act, 2012 (Pub. L. No. 112-55)].~~ Notwithstanding Subsection (f)(2), and only to the extent necessary to satisfy the requirements of the disaster recovery program, a replacement structure

described by that subdivision is not considered to be a new improvement if to satisfy the requirements of the disaster recovery program it was necessary that:

(1) the square footage of the replacement structure exceed that of the replaced structure as that structure existed before the casualty or damage occurred; or

(2) the exterior of the replacement structure be of higher quality construction and composition than that of the replaced structure.

Effective: Immediately

SECTION 2. (a) As soon as practicable after the effective date of this Act, but not later than the 14th day after that date, the General Land Office and each political subdivision that administers a disaster recovery program described by Section 23.23(g), Tax Code, as amended by this Act, shall: (1) prepare a list of each replacement structure described by Section 23.23(g), Tax Code, that has been constructed since January 1, 2018, under a disaster recovery program administered by the entity; and (2) provide a list to the chief appraiser of each appraisal district of the property on the list described by Subdivision (1) of this subsection that is located in that appraisal district. (b) As soon as practicable, but not later than the 60th day after the date the chief appraiser of an appraisal district receives a list under Subsection (a)(2) of this section: (1)the chief appraiser shall, if necessary, take the following actions regarding each affected property on the list: (A) correct or supplement, as appropriate, the appraisal records for the appraisal district to indicate the correct appraised value for the affected property for the current tax year; (B) deliver a corrected notice of appraised value to the owner of the affected property if a notice of appraised value for that property was previously sent to the property owner for the current tax year; and (C) notify the assessor and collector for each taxing unit in which the affected property is located of the correction or supplementation of the appraisal records for the appraisal district if the appraisal records have been approved for the current tax year; (2)the assessor for each taxing unit all or part of the territory of which is located in the appraisal district shall deliver a corrected tax bill to each owner of property for which the chief appraiser corrected the appraised value under Subdivision (1)(A) of this subsection if the taxing unit previously delivered a bill for the taxes on the property for the current tax year and the taxes on the property have not been paid; and (3)the collector for each taxing unit all or part of the territory of which is located in the appraisal

district shall refund to each owner of property for which the chief appraiser corrected the appraised value under Subdivision (1)(A) of this subsection the amount by which the taxes paid exceeded the amount of taxes due if the taxing unit previously delivered a bill for the taxes on the property for the current tax year and the taxes on the property have been paid.

SECTION 3. This Act applies only to the appraisal of a residence homestead for ad valorem tax purposes for a tax year that begins on or after January 1, 2019.

§ 23.42

H.B. 1254

Section 2, **Section 23.42(a-1), Tax Code, is repealed.**

Section 1, Section 23.42**(a), Tax Code, is amended** to read as follows:

§ 23.42. Eligibility

(a) **An [**~~Except as provided by Subsection (a-1), an~~] individual is entitled to have land he owns designated for agricultural use if, on January 1:

(1) the land has been devoted exclusively to or developed continuously for agriculture for the three years preceding the current year;

(2) the individual is using and intends to use the land for agriculture as an occupation or a business venture for profit during the current year; and

(3) agriculture is the individual's primary occupation and primary source of income

[~~(a-1) On or after January 1, 2008, an individual is not entitled to have land designated for agricultural use if the land secures a home equity loan described by Section 50(a)(6), Article XVI, Texas Constitution~~.]

(b) Use of land for nonagricultural purposes does not deprive an owner of his right to an agricultural designation if the nonagricultural use is secondary to and compatible with the agricultural use of the land.

(c) Agriculture is an individual's primary occupation and primary source of income if as of January 1 he devotes a greater portion of his time to and derives a greater portion of his gross income from agriculture than any other occupation. The time an individual devotes to each occupation and the gross income he derives from each is determined by averaging the time he devoted to each and the gross income he derived from each for any number of consecutive years not exceeding five years immediately preceding January 1 of the current year, that he has engaged in agriculture as an occupation. However, if he has not been engaged in agriculture as an occupation for the entire year preceding January 1, the time he has devoted to and the income he has derived from each occupation since the date he began engaging in agriculture as an occupation determine whether agriculture is his primary occupation and primary source of income.

(d) For purposes of this section:

(1) “Agriculture” means the use of land to produce plant or animal products, including fish or poultry products, under natural conditions but does not include the processing of plant or animal products after harvesting or the production of timber or forest products.

(2) “Occupation” includes employment and a business venture that requires continual supervision or management.

Effective: January 1, 2020

§ 23.426

H.B. 3348

SECTION 1. Subchapter C, Chapter 23, Tax Code, is amended by **adding Section 23.426** to read as follows:

Sec. 23.426. TEMPORARY CESSATION OF AGRICULTURAL USE DUE TO QUARANTINE FOR TICKS.

(a) The entitlement of an individual to have land the individual owns designated for agricultural use under this subchapter does not end because the individual ceases exclusively or continuously using the land for agriculture as an occupation or a business venture for profit for the period prescribed by Subsection (b) if the land:

(1) is subject to a temporary quarantine established at any time during the tax year by the Texas Animal Health Commission for the purpose of regulating the handling of livestock and eradicating ticks or exposure to ticks under Chapter 167, Agriculture Code; and

(2) otherwise continues to qualify for the designation under Section 23.42.

(b) Subsection (a) applies to land eligible for appraisal under this subchapter only during the period that begins on the date the land is designated as a tick eradication area and that ends on the date the land is released from quarantine by the Texas Animal Health Commission.

(c) The owner of land to which this section applies must, not later than the 30th day after the date the land is designated as a tick eradication area, notify in writing the chief appraiser for each appraisal district in which the land is located that the land is located in a tick eradication area.

(d) The owner of land to which this section applies must, not later than the 30th day after the date the land is released from quarantine by the Texas Animal Health Commission, notify in writing the chief appraiser for each appraisal district in which the land is located that the land has been released from quarantine by the Texas Animal Health Commission.

Effective: Immediately

SECTION 3. The change in law made by this Act does not affect an additional tax imposed as a result of a change of use of land appraised under Subchapter C or D, Chapter 23, Tax Code, that occurred before the effective date of this Act.

§ 23.51

H.B. 639

SECTION 1: Section 23.51**(1), Tax Code, is amended** to read as follows:

§23.51 Definitions

(1) "Qualified open-space land" means land that is currently devoted principally to agricultural use to the degree of intensity generally accepted in the area and that has been devoted principally to agricultural use or to production of timber or forest products for five of the preceding seven years or land that is used principally as an ecological laboratory by a public or private college or university **and that has been used principally in that manner by a college or university for five of the preceding seven years**. Qualified open-space land includes all appurtenances to the land. For the purposes of this subdivision, appurtenances to the land means private roads, dams, reservoirs, water wells, canals, ditches, terraces, and other reshapings of the soil, fences, and riparian water rights. Notwithstanding the other provisions of this subdivision, land that is currently devoted principally to wildlife management as defined by Subdivision (7)(B) or (C) to the degree of intensity generally accepted in the area qualifies for appraisal as qualified open-space land under this subchapter regardless of the manner in which the land was used in any preceding year.

(2) “Agricultural use” includes but is not limited to the following activities: cultivating the soil, producing crops for human food, animal feed, or planting seed or for the production of fibers; floriculture, viticulture, and horticulture; raising or keeping livestock; raising or keeping exotic animals for the production of human food or of fiber, leather, pelts, or other tangible products having a commercial value; planting cover crops or leaving land idle for the purpose of participating in a governmental program, provided the land is not used for residential purposes or a purpose inconsistent with agricultural use; and planting cover crops or leaving land idle in conjunction with normal crop or livestock rotation procedure. The term also includes the use of land to produce or harvest logs and posts for the use in

constructing or repairing fences, pens, barns, or other agricultural improvements on adjacent qualified open-space land having the same owner and devoted to a different agricultural use. The term also includes the use of land for wildlife management. The term also includes the use of land to raise or keep bees for pollination or for the production of human food or other tangible products having a commercial value, provided that the land used is not less than 5 or more than 20 acres.

(3) "Category" means the value classification of land considering the agricultural use to which the land is principally devoted. The chief appraiser shall determine the categories into which land in the appraisal district is classified. In classifying land according to categories, the chief appraiser shall distinguish between irrigated cropland, dry cropland, improved pasture, native pasture, orchard, and waste. The chief appraiser may establish additional categories. The chief appraiser shall further divide each category according to soil type, soil capability, irrigation, general topography, geographical factors, and other factors that influence the productive capacity of the category. The chief appraiser shall obtain information from the Texas Agricultural Extension Service, the Natural Resources Conservation Service of the United States Department of Agriculture, and other recognized agricultural sources for the purposes of determining the categories of land existing in the appraisal district.

(4) "Net to land" means the average annual net income derived from the use of open-space land that would have been earned from the land during the five-year period preceding the year before the appraisal by an owner using ordinary prudence in the management of the land and the farm crops or livestock produced or supported on the land and, in addition, any income received from hunting or recreational leases. The chief appraiser shall calculate net to land by considering the income that would be due to the owner of the land under cash lease, share lease, or whatever lease arrangement is typical in that area for that category of land, and all expenses directly attributable to the agricultural use of the land by the owner shall be subtracted from this owner income and the results shall be used in income capitalization. In calculating net to land, a reasonable deduction shall be made for any depletion that occurs of underground water used in the agricultural operation. For land that qualifies under Subdivision (7) for appraisal under this subchapter, the chief appraiser may not consider in the calculation of net to land the income that would be due to the owner under a hunting or recreational lease of the land.

(5) “Income capitalization” means the process of dividing net to land by the capitalization rate to determine the appraised value.

(6) “Exotic animal” means a species of game not indigenous to this state, including axis deer, nilga antelope, red sheep, other cloven-hoofed ruminant mammals, or exotic fowl as defined by Section 142.001, Agriculture Code.

(7) “Wildlife management” means:

(A) actively using land that at the time the wildlife-management use began was appraised as qualified open-space land under this subchapter or as qualified timber land under Subchapter E in at least three of the following ways to propagate a sustaining breeding, migrating, or wintering population of indigenous wild animals for human use, including food, medicine, or recreation:

(i) habitat control;

(ii) erosion control;

(iii) predator control;

` (iv) providing supplemental supplies of water;

(v) providing supplemental supplies of food;

(vi) providing shelters; and

(vii) making of census counts to determine population;

(B) actively using land to protect federally listed endangered species under a federal permit if the land is:

(i) included in a habitat preserve and is subject to a conservation easement created under Chapter 183, Natural Resources Code; or

(ii) part of a conservation development under a federally approved habitat conservation plan that restricts the use of the land to protect federally listed endangered species; or

(C) actively using land for a conservation or restoration project to provide compensation for natural resource damages pursuant to the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 (42 U.S.C. Section 9601 et seq.), the Oil Pollution Act of 1990 (33 U.S. C.

Section 2701 et seq.), the Federal Water Pollution Control Act (33 U.S.C. Section 1251 et seq.), or Chapter 40, Natural Resources Code.

(8) “Endangered species,” “federal permit,” and “habitat preserve” have the meanings assigned by Section 83.011, Parks and Wildlife Code.

Effective: January 1, 2021

SECTION 2. (a) Except as provided by Subsection (b) of this section, the change in law made by this Act applies beginning with the tax year that begins January 1, 2021. (b)This subsection applies only to land that first qualified for appraisal under Subchapter D, Chapter 23, Tax Code, on the basis of its use as an ecological laboratory in the 2014, 2015, 2016, 2017, 2018, 2019, or 2020 tax year. The change in law made by this Act applies to land to which this subsection applies beginning with the tax year that begins January 1, 2027. For the 2021, 2022, 2023, 2024, 2025, and 2026 tax years, the qualification of land to which this subsection applies for appraisal under Subchapter D, Chapter 23, Tax Code, on the basis of its use as an ecological laboratory is governed by the law as it existed immediately before the effective date of this Act, and the former law is continued in effect for that purpose.

§ 23.524

H.B. 4170

SECTION 21.001. The following provisions of enacted codes are redesignated to eliminate duplicate citations: . . . (43) **Section 23.524, Tax Code, as added by Chapter 365 (H.B. 3198), Acts of the 85th Legislature, Regular Session, 2017, is redesignated as Section 23.525**, Tax Code.

Effective: September 1, 2019

SECTION 1.002. (a) The repeal of a statute by this Act does not affect an amendment, revision, or reenactment of the statute by the 86th Legislature,

Regular Session, 2019. The amendment, revision, or reenactment is preserved and given effect as part of the code provision that revised the statute so amended, revised, or reenacted.

(b) If any provision of this Act conflicts with a statute enacted by the 86th Legislature, Regular Session, 2019, the statute controls.

SECTION 1.004. (a) The repeal of a law, including a validating law, by this Act does not remove, void, or otherwise affect in any manner a validation under the repealed law. The validation is preserved and continues to have the same effect that it would have if the law were not repealed.

(b) Subsection (a) of this section does not diminish the saving provisions prescribed by Section 311.031, Government Code.

§ 23.525

H.B. 4170

SECTION 21.001. The following provisions of enacted codes are redesignated to eliminate duplicate citations: . . . (43) Section **23.524, Tax Code, as added by Chapter 365 (H.B. 3198), Acts of the 85th Legislature, Regular Session, 2017, is redesignated as Section 23.525**, Tax Code.

Effective: September 1, 2019

SECTION 1.002. (a) The repeal of a statute by this Act does not affect an amendment, revision, or reenactment of the statute by the 86th Legislature, Regular Session, 2019. The amendment, revision, or reenactment is preserved and given effect as part of the code provision that revised the statute so amended, revised, or reenacted.

(b) If any provision of this Act conflicts with a statute enacted by the 86th Legislature, Regular Session, 2019, the statute controls.

SECTION 1.004. (a) The repeal of a law, including a validating law, by this Act does not remove, void, or otherwise affect in any manner a validation under the

repealed law. The validation is preserved and continues to have the same effect that it would have if the law were not repealed.

(b) Subsection (a) of this section does not diminish the saving provisions prescribed by Section 311.031, Government Code.

§ 23.526

H.B. 3348

SECTION 2. Subchapter D, Chapter 23, Tax Code, is amended by **adding Section 23.526** to read as follows:

Sec. 23.526. TEMPORARY CESSATION OF AGRICULTURAL USE DUE TO QUARANTINE FOR TICKS.

(a) The eligibility of land for appraisal under this subchapter does not end because the land ceases to be devoted principally to agricultural use to the degree of intensity generally accepted in the area for the period prescribed by Subsection (b) if the land:

(1) is subject to a temporary quarantine established at any time during the tax year by the Texas Animal Health Commission for the purpose of regulating the handling of livestock and eradicating ticks or exposure to ticks under Chapter 167, Agriculture Code;

(2) is appraised under this subchapter primarily on the basis of the livestock located in the area subject to quarantine in the tax year; and

(3) otherwise continues to qualify for appraisal under this subchapter.

(b) Subsection (a) applies to land eligible for appraisal under this subchapter only during the period that begins on the date the land is designated as a tick eradication area and that ends on the date the land is released from quarantine by the Texas Animal Health Commission.

(c) The owner of land to which this section applies must, not later than the 30th day after the date the land is designated as a tick eradication area, notify in writing the chief appraiser for each appraisal district in which the land is located that the land is located in a tick eradication area.

(d) The owner of land to which this section applies must, not later than the 30th day after the date the land is released from quarantine by the Texas Animal Health Commission, notify in writing the chief appraiser for each appraisal district in which the land is located that the land has been released from quarantine by the Texas Animal Health Commission.

Effective: Immediately

SECTION 3. The change in law made by this Act does not affect an additional tax imposed as a result of a change of use of land appraised under Subchapter C or D, Chapter 23, Tax Code, that occurred before the effective date of this Act.

§ 23.55

H.B. 1743

SECTION 1. Section 23.55**(a), Tax Code, is amended** to read as follows:

§ 23.55. Change of Use of Land

(a) If the use of land that has been appraised as provided by this subchapter changes, an additional tax is imposed on the land equal to the difference between the taxes imposed on the land for each of the **three** [~~five~~] years preceding the year in which the change of use occurs that the land was appraised as provided by this subchapter and the tax that would have been imposed had the land been taxed on the basis of market value in each of those years, plus interest at an annual rate of **five** [~~seven~~] percent calculated from the dates on which the differences would have become due. For purposes of this subsection, the chief appraiser may not consider any period during which land is owned by the state in determining whether a change in the use of the land has occurred.

(b) A tax lien attaches to the land on the date the change of use occurs to secure payment of the additional tax and interest imposed by this section and any

penalties incurred. The lien exists in favor of all taxing units for which the additional tax is imposed.

(c) The additional tax imposed by this section does not apply to a year for which the tax has already been imposed.

(d) If the change of use applies to only part of a parcel that has been appraised as provided by this subchapter, the additional tax applies only to that part of the parcel and equals the difference between the taxes imposed on that part of the parcel and the taxes that would have been imposed had that part been taxed on the basis of market value.

(e) Subject to Section 23.551, a determination that a change in use of the land has occurred is made by the chief appraiser. The chief appraiser shall deliver a notice of the determination to the owner of the land as soon as possible after making the determination and shall include in the notice an explanation of the owner's right to protest the determination. If the owner does not file a timely protest or if the final determination of the protest is that the additional taxes are due, the assessor for each taxing unit shall prepare and deliver a bill for the additional taxes plus interest as soon as practicable. The taxes and interest are due and become delinquent and incur penalties and interest as provided by law for ad valorem taxes imposed by the taxing unit if not paid before the next February 1 that is at least 20 days after the date the bill is delivered to the owner of the land.

(f) The sanctions provided by Subsection (a) of this section do not apply if the change of use occurs as a result of:

(1) a sale for right-of-way;

(2) a condemnation;

(3) a transfer of the property to the state or a political subdivision of the state to be used for a public purpose; or

(4) a transfer of the property from the state, a political subdivision of the state, or a nonprofit corporation created by a municipality with a population of more than one million under the Development Corporation Act (Subtitle C1, Title 12, Local Government Code) to an individual or a business entity for purposes of economic development if the comptroller determines that the economic development is likely to generate for deposit in the general revenue fund during the next two fiscal bienniums an amount of taxes and

other revenues that equals or exceeds 20 times the amount of additional taxes and interest that would have been imposed under Subsection (a) had the sanctions provided by that subsection applied to the transfer.

(g) If the use of the land changes to a use that qualifies under Subchapter E of this chapter,1 the sanctions provided by Subsection (a) of this section do not apply.

(h) Additional taxes, if any, for a year in which land was designated for agricultural use as provided by Subchapter C of this chapter2 (or Article VIII, Section 1-d, of the constitution) are determined as provided by that subchapter, and the additional taxes imposed by this section do not apply for that year.

(i) The use of land does not change for purposes of Subsection (a) of this section solely because the owner of the land claims it as part of his residence homestead for purposes of Section 11.13 of this code.

(j) The sanctions provided by Subsection (a) do not apply to a change in the use of land if:

(1) the land is located in an unincorporated area of a county with a population of less than 100,000;

(2) the land does not exceed five acres;

(3) the land is owned by a not-for-profit cemetery organization;

(4) the cemetery organization dedicates the land for a cemetery purpose;

(5) the cemetery organization has not dedicated more than five acres of land in the county for a cemetery purpose in the five years preceding the date the cemetery organization dedicates the land for a cemetery purpose; and

(6) the land is adjacent to a cemetery that has been in existence for more than 100 years.

(k) In Subsection (j), “cemetery,” “cemetery organization,” and “cemetery purpose” have the meanings assigned those terms by Section 711.001, Health and Safety Code.

(l) The sanctions provided by Subsection (a) of this section do not apply to land owned by an organization that qualifies as a religious organization under Section 11.20(c) of this code if the organization converts the land to a use for which the land is eligible for an exemption under Section 11.20 of this code within five years.

(m) For purposes of determining whether a transfer of land qualifies for the exemption from additional taxes provided by Subsection (f)(4), on an application of the entity transferring or proposing to transfer the land or of the individual or entity to which the land is transferred or proposed to be transferred, the comptroller shall determine the amount of taxes and other revenues likely to be generated as a result of the economic development for deposit in the general revenue fund during the next two fiscal bienniums. If the comptroller determines that the amount of those revenues is likely to equal or exceed 20 times the amount of additional taxes and interest that would be imposed under Subsection (a) if the sanctions provided by that subsection applied to the transfer, the comptroller shall issue a letter to the applicant stating the comptroller's determination and shall send a copy of the letter by regular mail to the chief appraiser.

(n) Within one year of the conclusion of the two fiscal bienniums for which the comptroller issued a letter as provided under Subsection (m), the board of directors of the appraisal district, by official board action, may direct the chief appraiser to request the comptroller to determine if the amount of revenues was equal to or exceeded 20 times the amount of taxes and interest that would have been imposed under Subsection (a). The comptroller shall issue a finding as to whether the amount of revenue met the projected increases. The chief appraiser shall review the results of the comptroller's finding and shall make a determination as to whether sanctions under Subsection (a) should be imposed. If the chief appraiser determines that the sanctions provided by Subsection (a) shall be imposed, the sanctions shall be based on the date of the transfer of the property under Subsection (f)(4).

(o) The sanctions provided by Subsection (a) do not apply to land owned by an organization that qualifies as a charitable organization under Section 11.18(c), is organized exclusively to perform religious or charitable purposes, and engages in performing the charitable functions described by Section 11.18(d)(19), if the organization converts the land to a use for which the land is eligible for an exemption under Section 11.18(d)(19) within five years.

(p) The sanctions provided by Subsection (a) do not apply to real property transferred to an organization described by Section 11.181(a) if the organization converts the real property to a use for which the real property is eligible for an exemption under Section 11.181(a). This subsection does not apply to the sanctions provided by Subsection (a) in connection with a change in use described by this

subsection that are due to a county or school district unless the governing body of the county or school district, as applicable, waives the sanctions in the manner required by law for official action by the body.

(q) The sanctions provided by Subsection (a) do not apply to land owned by an organization that qualifies as a school under Section 11.21(d) if the organization converts the land to a use for which the land is eligible for an exemption under Section 11.21 within five years.

Effective September 1, 2019

SECTION 3. The changes in law made by this Act apply only to a change of use of land appraised under Subchapter D or E, Chapter 23, Tax Code, that occurs on or after the effective date of this Act. A change in the use of land appraised under Subchapter D or E, Chapter 23, Tax Code, that occurs before the effective date of this Act is governed by the law in effect on the date the change of use occurred, and the former law is continued in effect for that purpose.

§ 23.72

H.B. 1409

SECTION 1. Section 23.72, Tax Code, **is amended** to read as follows:

§ 23.72. Qualification for Productivity Appraisal

(a) Land qualifies for appraisal as provided by this subchapter if it is currently and actively devoted principally to production of timber or forest products to the degree of intensity generally accepted in the area with intent to produce income and has been devoted principally to production of timber or forest products or to agricultural use that would qualify the land for appraisal under Subchapter C or D [~~of this chapter~~] for five of the preceding seven years.

(b) In determining whether land is currently and actively devoted principally to the production of timber or forest products to the degree of intensity

generally accepted in an area, a chief appraiser may not consider the purpose for which a portion of a parcel of land is used if the portion is:

(1) used for the production of timber or forest products, including a road, right-of-way, buffer area, or firebreak; or

(2) subject to a right-of-way that was taken through the exercise of the power of eminent domain.

(c) For the purpose of the appraisal of land under this subchapter, a portion of a parcel of land described by Subsection (b) is considered land that qualifies for appraisal under this subchapter if the remainder of the parcel of land qualifies for appraisal under this subchapter.

Effective: September 1, 2019

SECTION 5. (a) Sections 23.72 and 23.9802, Tax Code, as amended by this Act, apply only to the appraisal of land for ad valorem tax purposes for a tax year that begins on or after the effective date of this Act.

§ 23.76

H.B. 1743

SECTION 2. Section 23.76**(a), Tax Code, is amended** to read as follows:

§ 23.76. Change of Use of Land

(a) If the use of land that has been appraised as provided by this subchapter changes, an additional tax is imposed on the land equal to the difference between the taxes imposed on the land for each of the **three** [~~five~~] years preceding the year in which the change of use occurs that the land was appraised as provided by this subchapter and the tax that would have been imposed had the land been taxed on the basis of market value in each of those years, plus interest at an annual rate of

five [~~seven~~] percent calculated from the dates on which the differences would have become due.

(b) A tax lien attaches to the land on the date the change of use occurs to secure payment of the additional tax and interest imposed by this section and any penalties incurred. The lien exists in favor of all taxing units for which the additional tax is imposed.

(c) The additional tax imposed by this section does not apply to a year for which the tax has already been imposed.

(d) If the change of use applies to only part of a parcel that has been appraised as provided by this subchapter, the additional tax applies only to that part of the parcel and equals the difference between the taxes imposed on that part of the parcel and the taxes that would have been imposed had that part been taxed on the basis of market value.

(e) A determination that a change in use of the land has occurred is made by the chief appraiser. The chief appraiser shall deliver a notice of the determination to the owner of the land as soon as possible after making the determination and shall include in the notice an explanation of the owner's right to protest the determination. If the owner does not file a timely protest or if the final determination of the protest is that the additional taxes are due, the assessor for each taxing unit shall prepare and deliver a bill for the additional taxes and interest as soon as practicable after the change of use occurs. The taxes and interest are due and become delinquent and incur penalties and interest as provided by law for ad valorem taxes imposed by the taxing unit if not paid before the next February 1 that is at least 20 days after the date the bill is delivered to the owner of the land.

(f) The sanctions provided by Subsection (a) do not apply if the change of use occurs as a result of:

(1) a sale for right-of-way;

(2) a condemnation; or

(3) a transfer of the land to this state or a political subdivision of this state to be used for a public purpose.

(g) If the use of the land changes to a use that qualifies under Subchapter C, D, or H of this chapter,1 the sanctions provided by Subsection (a) of this section do not apply.

(h) The use of land does not change for purposes of Subsection (a) solely because the owner of the land claims it as part of the owner's residence homestead for purposes of Section 11.13.

(i) The sanctions provided by Subsection (a) do not apply to land owned by an organization that qualifies as a religious organization under Section 11.20(c) if the organization converts the land to a use for which the land is eligible for an exemption under Section 11.20 within five years.

(j) The sanctions provided by Subsection (a) do not apply to a change in the use of land if:

(1) the land is located in an unincorporated area of a county with a population of less than 100,000;

(2) the land does not exceed five acres;

(3) the land is owned by a not-for-profit cemetery organization;

(4) the cemetery organization dedicates the land for a cemetery purpose;

(5) the cemetery organization has not dedicated more than five acres of land in the county for a cemetery purpose in the five years preceding the date the cemetery organization dedicates the land for a cemetery purpose; and

(6) the land is adjacent to a cemetery that has been in existence for more than 100 years.

(k) In Subsection (j), “cemetery,” “cemetery organization,” and “cemetery purpose” have the meanings assigned those terms by Section 711.001, Health and Safety Code.

Effective: September 1, 2019

§ 23.765

H.B. 1409

SECTION 2. Subchapter E, Chapter 23, Tax Code, is amended by **adding Section 23.765** to read as follows:

Sec. 23.765. OIL AND GAS OPERATIONS ON LAND.

The eligibility of land for appraisal under this subchapter does not end because a lessee under an oil and gas lease begins conducting oil and gas operations over which the Railroad Commission of Texas has jurisdiction on the land if the portion of the land on which oil and gas operations are not being conducted otherwise continues to qualify for appraisal under this subchapter.

Effective: September 1, 2019

SECTION 5 . . . (b) Sections 23.765 and 23.9808, Tax Code, as added by this Act, do not affect an additional tax imposed as a result of a change of use of land appraised under Subchapter E or H, Chapter 23, Tax Code, that occurred before the effective date of this Act.

§ 23.9802

H.B. 1409

SECTION 3. Section 23.9802, Tax Code, is amended by **adding Subsections (d) and (e)** to read as follows:

§ 23.9802. Qualification for Appraisal as Restricted-Use Timber Land

(a) Land qualifies for appraisal as provided by this subchapter if the land is in an aesthetic management zone, critical wildlife habitat zone, or streamside management zone.

(b) Land qualifies for appraisal as provided by this subchapter if:

(1) timber was harvested from the land in a year in which the land was appraised under Subchapter E;1 and

(2) the land has been regenerated for timber production to the degree of intensity generally accepted in the area for commercial timber land and with intent to produce income.

(c) Land ceases to qualify for appraisal under Subsection (b) on the 10th anniversary of the date the timber was harvested under Subsection (b)(1). This subsection does not disqualify the land from qualifying for appraisal under this section in a tax year following that anniversary based on the circumstances existing in that subsequent tax year.

(d) In determining whether land qualifies for appraisal as provided by this subchapter, a chief appraiser may not consider the purpose for which a portion of a parcel of land is used if the portion is:

(1) used for the production of timber or forest products, including a road, right-of-way, buffer area, or firebreak; or

(2) subject to a right-of-way that was taken through the exercise of the power of eminent domain.

(e) For the purpose of the appraisal of land under this subchapter, a portion of a parcel of land described by Subsection (d) is considered land that qualifies for appraisal under this subchapter if the remainder of the parcel of land qualifies for appraisal under this subchapter.

Effective: September 1, 2019

SECTION 5. (a) Sections 23.72 and 23.9802, Tax Code, as amended by this Act, apply only to the appraisal of land for ad valorem tax purposes for a tax year that begins on or after the effective date of this Act.

§23.9808

H.B. 1409

SECTION 4. Subchapter H, Chapter 23, Tax Code, is amended by **adding Section 23.9808** to read as follows:

Sec. 23.9808. OIL AND GAS OPERATIONS ON LAND.

The eligibility of land for appraisal under this subchapter does not end because a lessee under an oil and gas lease begins conducting oil and gas operations over which the Railroad Commission of Texas has jurisdiction on the land if the portion of the land on which oil and gas operations are not being conducted otherwise continues to qualify for appraisal under this subchapter.

Effective: September 1, 2019

SECTION 5 . . . (b) Sections 23.765 and 23.9808, Tax Code, as added by this Act, do not affect an additional tax imposed as a result of a change of use of land appraised under Subchapter E or H, Chapter 23, Tax Code, that occurred before the effective date of this Act.

§25.025

As amended by H.B.2446

SECTION 8.Section 25.025**(a), Tax Code, as amended by Chapters 34 (S.B. 1576), 41 (S.B. 256), 193 (S.B. 510), 1006 (H.B. 1278), and 1145 (H.B. 457), Acts of the 85th Legislature, Regular Session, 2017, is reenacted and amended** to read as follows:

§ 25.025. Confidentiality of Certain Home Address Information

(a) This section applies only to:

(1) a current or former peace officer as defined by Article 2.12, Code of Criminal Procedure, and the spouse or surviving spouse of the peace officer;

(2) the adult child of a current peace officer as defined by Article 2.12, Code of Criminal Procedure;

(3) a county jailer as defined by Section 1701.001, Occupations Code;

(4) an employee of the Texas Department of Criminal Justice;

(5) a commissioned security officer as defined by Section 1702.002, Occupations Code;

(6) an individual who shows that the individual, the individual ’s child, or another person in the individual ’s household is a victim of family violence as defined by Section 71.004, Family Code, by providing:

(A) a copy of a protective order issued under Chapter 85, Family Code, or a magistrate ’s order for emergency protection issued under Article 17.292, Code of Criminal Procedure; or

(B) other independent documentary evidence necessary to show that the individual, the individual ’s child, or another person in the individual ’s household is a victim of family violence;

(7) ~~[(6)]~~ an individual who shows that the individual, the individual ’s child, or another person in the individual ’s household is a victim of sexual assault or abuse, stalking, or trafficking of persons by providing:

(A) a copy of a protective order issued under Chapter 7A or Article 6.09, Code of Criminal Procedure, or a magistrate ’s order for emergency protection issued under Article 17.292, Code of Criminal Procedure; or

(B) other independent documentary evidence necessary to show that the individual, the individual ’s child, or another person in the individual ’s household is a victim of sexual assault or abuse, stalking, or trafficking of persons;

(8) ~~[(7)]~~ a participant in the address confidentiality program administered by the attorney general under subchapter C, Chapter 56, Code of Criminal Procedure, who provides proof of certification under Article 56.84, Code of Criminal Procedure;

(9) ~~[(8)]~~ a federal judge, a state judge, or the spouse of a federal judge or state judge;

(10) a current or former district attorney, criminal district attorney, or county or municipal attorney whose jurisdiction includes any criminal law or child protective services matters;

(11) ~~[(9)]~~ a current or former employee of a district attorney, criminal district attorney, or county or municipal attorney whose jurisdiction includes any criminal law or child protective services matters;

(12) ~~[(10)]~~ an officer or employee of a community supervision and corrections department established under Chapter 76, Government Code, who performs a duty described by Section 76.004(b) of that code;

(13) ~~[(11)]~~ a criminal investigator of the United States as described by Article 2.122(a), Code of Criminal Procedure;

(14) ~~((12))~~ a police officer or inspector of the United States Federal Protective Service;

(15) ~~[(13)]~~ a current or former United States attorney or assistant United States attorney and the spouse and child of the attorney;

(16) ~~[(14)]~~ a current or former employee of the office of the attorney general who is or was assigned to a division of that office the duties of which involve law enforcement;

(17) ~~[(15)]~~ a medical examiner or person who performs forensic analysis or testing who is employed by this state or one or more political subdivisions of this state;

(18) ~~[(16)]~~ a current or former member of the United States armed forces who has served in an area that the president of the United States by executive order designates for purposes of 26 U.S.C. Section 112 as an area in which armed forces of the United States are or have engaged in combat;

(19) [~~(17)]~~ a current or former employee of the Texas Juvenile Justice Department or of the predecessors in function of the department;

(20) ~~[(18)~~] a current or former juvenile probation or supervision officer certified by the Texas Juvenile Justice Department, or the predecessors in function of the department, under Title 12, Human Resources Code;

(21) [~~(19)]~~ a current or former employee of a juvenile justice program or facility, as those terms are defined by Section 261.405, Family Code; ~~[and]~~

(22) [~~(18)~~] a current or former employee of the Texas Civil Commitment Office or of the predecessor in function of the office or a division of the office;

(23) ~~[(18)]~~ a current or former employee of a federal judge or state judge; **and**

(24) a firefighter or volunteer firefighter or emergency medical services personnel as defined by Section 773.003, Health and Safety Code.

Effective: Immediately

SECTION 9. The changes in law made by this Act apply only to a request for information that is received by a governmental body or an officer on or after the effective date of this Act. A request for information that was received before the effective date of this Act is governed by the law in effect on the date the request was received, and the former law is continued in effect for that purpose.

As amended by S.B. 662

SECTION 4. Section 25.025**(a), Tax Code, as amended by Chapters 34 (S.B. 1576), 41 (S.B. 256), 193 (S.B. 510), 1006 (H.B. 1278), and 1145 (H.B. 457), Acts of the 85th Legislature, Regular Session, 2017, is reenacted and amended** to read as follows:

§ 25.025. Confidentiality of Certain Home Address Information

(a) This section applies only to:

(1) a current or former peace officer as defined by Article 2.12, Code of Criminal Procedure, and the spouse or surviving spouse of the peace officer;

(2) the adult child of a current peace officer as defined by Article 2.12, Code of Criminal Procedure;

(3) a county jailer as defined by Section 1701.001, Occupations Code;

(4) an employee of the Texas Department of Criminal Justice;

(5) a commissioned security officer as defined by Section 1702.002, Occupations Code;

(6) an individual who shows that the individual, the individual's child, or another person in the individual's household is a victim of family violence as defined by Section 71.004, Family Code, by providing:

(A) a copy of a protective order issued under Chapter 85, Family Code, or a magistrate's order for emergency protection issued under Article 17.292, Code of Criminal Procedure; or

(B) other independent documentary evidence necessary to show that the individual, the individual's child, or another person in the individual's household is a victim of family violence;

(7) ~~[(6)]~~ an individual who shows that the individual, the individual's child, or another person in the individual's household is a victim of sexual assault or abuse, stalking, or trafficking of persons by providing:

(A) a copy of a protective order issued under Chapter 7A or Article 6.09, Code of Criminal Procedure, or a magistrate's order for emergency protection issued under Article 17.292, Code of Criminal Procedure; or

(B) other independent documentary evidence necessary to show that the individual, the individual's child, or another person in the individual's household is a victim of sexual assault or abuse, stalking, or trafficking of persons;

(8) ~~[(7)]~~ a participant in the address confidentiality program administered by the attorney general under Subchapter C, Chapter 56, Code of Criminal Procedure, who provides proof of certification under Article 56.84, Code of Criminal Procedure;

(9) ~~[(8)]~~ a federal judge, a state judge, or the spouse of a federal judge or state judge;

(10) a current or former district attorney, criminal district attorney, or county or municipal attorney whose jurisdiction includes any criminal law or child protective services matters;

(11) ~~[(9)]~~ a current or former employee of a district attorney, criminal district attorney, or county or municipal attorney whose jurisdiction includes any criminal law or child protective services matters;

(12) ~~[(10)]~~ an officer or employee of a community supervision and corrections department established under Chapter 76, Government Code, who performs a duty described by Section 76.004(b) of that code;

(13) ~~[(11)]~~ a criminal investigator of the United States as described by Article 2.122(a), Code of Criminal Procedure;

(14) ~~[(12)]~~ a police officer or inspector of the United States Federal Protective Service;

(15) ~~[(13)]~~ a current or former United States attorney or assistant United States attorney and the spouse and child of the attorney;

(16) ~~[(14)]~~ a current or former employee of the office of the attorney general who is or was assigned to a division of that office the duties of which involve law enforcement;

(17) ~~[(15)]~~ a medical examiner or person who performs forensic analysis or testing who is employed by this state or one or more political subdivisions of this state;

(18) ~~[(16)]~~ a current or former member of the United States armed forces who has served in an area that the president of the United States by executive order designates for purposes of 26 U.S.C. Section 112 as an area in which armed forces of the United States are or have engaged in combat;

(19) ~~[(17)]~~ a current or former employee of the Texas Juvenile Justice Department or of the predecessors in function of the department;

(20) ~~[(18)]~~ a current or former juvenile probation or supervision officer certified by the Texas Juvenile Justice Department, or the predecessors in function of the department, under Title 12, Human Resources Code;

(21) ~~[(19)]~~ a current or former employee of a juvenile justice program or facility, as those terms are defined by Section 261.405, Family Code; ~~[and]~~

(22) ~~[(18)]~~ a current or former employee of the Texas Civil Commitment Office or of the predecessor in function of the office or a division of the office;

(23) ~~[(18)]~~ a current or former employee of a federal judge or state judge**; and**

(24) a state officer elected statewide or a member of the legislature.

Effective: Immediately

SECTION 5. The changes in law made by this Act to Sections 552.117 and 552.1175, Government Code, and Section 25.025, Tax Code, apply only to a request for information that is received by a governmental body or an officer on or after the effective date of this Act. A request for information that was received before the effective date of this Act is governed by the law in effect on the date the request was received, and the former law is continued in effect for that purpose.

As amended by S.B. 1494

SECTION 4. Section 25.025**(a), Tax Code, as amended by Chapters 34 (S.B. 1576), 41 (S.B. 256), 193 (S.B. 510), 1006 (H.B. 1278), and 1145 (H.B. 457), Acts of the 85th Legislature, Regular Session, 2017, is reenacted and amended** to read as follows:

§ 25.025. Confidentiality of Certain Home Address Information

(a) This section applies only to:

(1) a current or former peace officer as defined by Article 2.12, Code of Criminal Procedure, and the spouse or surviving spouse of the peace officer;

(2) the adult child of a current peace officer as defined by Article 2.12, Code of Criminal Procedure;

(3) a county jailer as defined by Section 1701.001, Occupations Code;

(4) an employee of the Texas Department of Criminal Justice;

(5) a commissioned security officer as defined by Section 1702.002, Occupations Code;

(6) an individual who shows that the individual, the individual's child, or another person in the individual's household is a victim of family violence as defined by Section 71.004, Family Code, by providing:

(A) a copy of a protective order issued under Chapter 85, Family Code, or a magistrate's order for emergency protection issued under Article 17.292, Code of Criminal Procedure; or

(B) other independent documentary evidence necessary to show that the individual, the individual's child, or another person in the individual's household is a victim of family violence;

(7) ~~[(6)]~~ an individual who shows that the individual, the individual's child, or another person in the individual's household is a victim of sexual assault or abuse, stalking, or trafficking of persons by providing:

(A) a copy of a protective order issued under Chapter 7A or Article 6.09, Code of Criminal Procedure, or a magistrate's order for emergency protection issued under Article 17.292, Code of Criminal Procedure; or

(B) other independent documentary evidence necessary to show that the individual, the individual's child, or another person in the individual's household is a victim of sexual assault or abuse, stalking, or trafficking of persons;

(8) ~~[(7)]~~ a participant in the address confidentiality program administered by the attorney general under Subchapter C, Chapter 56, Code of Criminal Procedure, who provides proof of certification under Article 56.84, Code of Criminal Procedure;

(9) ~~[(8)]~~ a federal judge, a state judge, or the spouse of a federal judge or state judge;

(10) a current or former district attorney, criminal district attorney, or county or municipal attorney whose jurisdiction includes any criminal law or child protective services matters;

(11) ~~[(9)]~~ a current or former employee of a district attorney, criminal district attorney, or county or municipal attorney whose jurisdiction includes any criminal law or child protective services matters;

(12) ~~[(10)]~~ an officer or employee of a community supervision and corrections department established under Chapter 76, Government Code, who performs a duty described by Section 76.004(b) of that code;

(13) ~~[(11)]~~ a criminal investigator of the United States as described by Article 2.122(a), Code of Criminal Procedure;

(14) ~~[(12)]~~ a police officer or inspector of the United States Federal Protective Service;

(15) ~~[(13)]~~ a current or former United States attorney or assistant United States attorney and the spouse and child of the attorney;

(16) ~~[(14)]~~ a current or former employee of the office of the attorney general who is or was assigned to a division of that office the duties of which involve law enforcement;

(17) ~~[(15)]~~ a medical examiner or person who performs forensic analysis or testing who is employed by this state or one or more political subdivisions of this state;

(18) ~~[(16)]~~ a current or former member of the United States armed forces who has served in an area that the president of the United States by executive order designates for purposes of 26 U.S.C. Section 112 as an area in which armed forces of the United States are or have engaged in combat;

(19) ~~[(17)]~~ a current or former employee of the Texas Juvenile Justice Department or of the predecessors in function of the department;

(20) ~~[(18)]~~ a current or former juvenile probation or supervision officer certified by the Texas Juvenile Justice Department, or the predecessors in function of the department, under Title 12, Human Resources Code;

(21) ~~[(19)]~~ a current or former employee of a juvenile justice program or facility, as those terms are defined by Section 261.405, Family Code; [and]

(22) ~~[(18)]~~ a current or former employee of the Texas Civil Commitment Office or of the predecessor in function of the office or a division of the office;

(23) ~~[(18)]~~ a current or former employee of a federal judge or state judge;

(24) a current or former child protective services caseworker, adult protective services caseworker, or investigator for the Department of Family and Protective Services or a current or former employee of a department contractor performing child protective services caseworker, adult protective services caseworker, or investigator functions for the contractor on behalf of the department; and

(25) a state officer elected statewide or a member of the legislature.

Effective: Immediately

SECTION 5.The changes in law made by this Act to Sections 552.117 and 552.1175, Government Code, and Section 25.025, Tax Code, apply only to a request for information that is received by a governmental body or an officer for public information on or after the effective date of this Act. A request for information that was received before the effective date of this Act is governed by the law in effect on the date the request was received, and the former law is continued in effect for that purpose.

As amended by H.B. 4170

SECTION 14.002. Section 25.025(a), Tax Code, as amended by Chapters 34 (S.B. 1576), 41 (S.B. 256), 193 (S.B. 510), 1006 (H.B. 1278), and 1145 (H.B. 457), Acts of the 85th Legislature, Regular Session, 2017, is **reenacted and amended** to read as follows:

§ 25.025. Confidentiality of Certain Home Address Information

(a) This section applies only to:

(1) a current or former peace officer as defined by Article 2.12, Code of Criminal Procedure, and the spouse or surviving spouse of the peace officer;

(2) the adult child of a current peace officer as defined by Article 2.12, Code of Criminal Procedure;

(3) a county jailer as defined by Section 1701.001, Occupations Code;

(4) an employee of the Texas Department of Criminal Justice;

(5) a commissioned security officer as defined by Section 1702.002, Occupations Code;

(6) an individual who shows that the individual, the individual's child, or another person in the individual's household is a victim of family violence as defined by Section 71.004, Family Code, by providing:

(A) a copy of a protective order issued under Chapter 85, Family Code, or a magistrate's order for emergency protection issued under Article 17.292, Code of Criminal Procedure; or

(B) other independent documentary evidence necessary to show that the individual, the individual's child, or another person in the individual's household is a victim of family violence;

(7) ~~[(6)]~~ an individual who shows that the individual, the individual's child, or another person in the individual's household is a victim of sexual assault or abuse, stalking, or trafficking of persons by providing:

(A) a copy of a protective order issued under Chapter 7A or Article 6.09, Code of Criminal Procedure, or a magistrate's order for emergency protection issued under Article 17.292, Code of Criminal Procedure; or

(B) other independent documentary evidence necessary to show that the individual, the individual's child, or another person in the individual's household is a victim of sexual assault or abuse, stalking, or trafficking of persons;

(8) ~~[(7)]~~ a participant in the address confidentiality program administered by the attorney general under Subchapter C, Chapter 56, Code of Criminal Procedure, who provides proof of certification under Article 56.84, Code of Criminal Procedure;

(9) ~~[(8)]~~ a federal judge, a state judge, or the spouse of a federal judge or state judge;

(10) a current or former district attorney, criminal district attorney, or county or municipal attorney whose jurisdiction includes any criminal law or child protective services matters;

(11) ~~[(9)]~~ a current or former employee of a district attorney, criminal district attorney, or county or municipal attorney whose jurisdiction includes any criminal law or child protective services matters;

(12) ~~[(10)]~~ an officer or employee of a community supervision and corrections department established under Chapter 76, Government Code, who performs a duty described by Section 76.004(b) of that code;

(13) ~~[(11)]~~ a criminal investigator of the United States as described by Article 2.122(a), Code of Criminal Procedure;

(14) ~~[(12)]~~ a police officer or inspector of the United States Federal Protective Service;

(15) ~~[(13)]~~ a current or former United States attorney or assistant United States attorney and the spouse and child of the attorney;

(16) ~~[(14)]~~ a current or former employee of the office of the attorney general who is or was assigned to a division of that office the duties of which involve law enforcement;

(17) ~~[(15)]~~ a medical examiner or person who performs forensic analysis or testing who is employed by this state or one or more political subdivisions of this state;

(18) ~~[(16)]~~ a current or former member of the United States armed forces who has served in an area that the president of the United States by executive order designates for purposes of 26 U.S.C. Section 112 as an area in which armed forces of the United States are or have engaged in combat;

(19) ~~[(17)]~~ a current or former employee of the Texas Juvenile Justice Department or of the predecessors in function of the department;

(20) ~~[(18)]~~ a current or former juvenile probation or supervision officer certified by the Texas Juvenile Justice Department, or the predecessors in function of the department, under Title 12, Human Resources Code;

(21) ~~[(19)]~~ a current or former employee of a juvenile justice program or facility, as those terms are defined by Section 261.405, Family Code; ~~[and]~~

(22) ~~[(18)]~~ a current or former employee of the Texas Civil Commitment Office or of the predecessor in function of the office or a division of the office**; and**

(23) ~~[(18)]~~ a current or former employee of a federal judge or state judge.

Effective: September 1, 2019

S.B. 489

SECTION 6. Section 25.025**(b), Tax Code, is amended** to read as follows:

(b) Information in appraisal records under Section 25.02 is confidential and is available only for the official use of the appraisal district, this state, the comptroller, and taxing units and political subdivisions of this state if:

(1) the information identifies the home address of a named individual to whom this section applies; and

(2) the individual:

(A) chooses to restrict public access to the information on the form prescribed for that purpose by the comptroller under Section 5.07; or

(B) is a federal or state judge ~~[as defined by Section 572.002, Government Code]~~, or the spouse of a federal or state judge, beginning on the date the Office of Court Administration of the Texas Judicial System notifies the appraisal district of the judge's qualification for the judge's office.

(c) A choice made under Subsection (b) remains valid until rescinded in writing by the individual.

(d) This section does not prohibit the public disclosure of information in appraisal records that identifies property according to an address if the information does not identify an individual who has made an election under Subsection (b) in connection with the individual's address.

Effective: September 1, 2019

§ 25.19

S.B. 2

SECTION 91. The following provisions **are repealed . . . 4) . . . 25.19(b-2) . . . tax code**

SECTION 29. Section 25.19, Tax Code, is amended by **amending Subsections (b) and (i)** and **adding Subsections (b-3) and (b-4)** to read as follows:

§ 25.19. Notice of Appraised Value

(a) By April 1 or as soon thereafter as practicable if the property is a single-family residence that qualifies for an exemption under Section 11.13, or by May 1 or as soon thereafter as practicable in connection with any other property, the chief appraiser shall deliver a clear and understandable written notice to a property owner of the appraised value of the property owner's property if:

(1) the appraised value of the property is greater than it was in the preceding year;

(2) the appraised value of the property is greater than the value rendered by the property owner;

(3) the property was not on the appraisal roll in the preceding year; or

(4) an exemption or partial exemption approved for the property for the preceding year was canceled or reduced for the current year.

(b) The chief appraiser shall separate real from personal property and include in the notice for each:

(1) a list of the taxing units in which the property is taxable;

(2) the appraised value of the property in the preceding year;

(3) the taxable value of the property in the preceding year for each taxing unit taxing the property;

(4) the appraised value of the property for the current year, the kind and amount of each exemption and partial exemption, if any, approved for the property for the current year and for the preceding year, and, if an exemption or partial exemption that was approved for the preceding year was canceled or reduced for the current year, the amount of the exemption or partial exemption canceled or reduced;

~~[(5) if the appraised value is greater than it was in the preceding year, the amount of tax that would be imposed on the property on the basis of the tax rate for the preceding year;]~~

(5) ~~[(6)]~~ in italic typeface, the following statement: "The Texas Legislature does not set the amount of your local taxes. Your property tax burden is decided by your locally elected officials, and all inquiries concerning your taxes should be directed to those officials";

(6) ~~[~~**(7)]** a detailed explanation of the time and procedure for protesting the value;

(7) ~~[~~**(8)]** the date and place the appraisal review board will begin hearing protests; and

(8) ~~[(9)]~~ a brief explanation that the governing body of each taxing unit decides whether or not taxes on the property will increase and the appraisal district only determines the value of the property.

(b-1) For real property, in addition to the information required by Subsection (b), the chief appraiser shall state in a notice required to be delivered under Subsection (a), the difference, expressed as a percent increase or decrease, as applicable, in the appraised value of the property for the current tax year as compared to the fifth tax year before the current tax year.

~~[(b-2) This subsection applies only to a notice of appraised value for residential real property that has not qualified for a residence homestead exemption in the current tax year. If the records of the appraisal district indicate that the address of the property is also the address of the owner of the property, in addition to containing the applicable information required by Subsections (b), (b-1), and (f), the notice must contain the following statement in boldfaced 12-point type: "According to the records of the appraisal district, the residential real property described in this notice of appraised value is not currently being allowed a residence homestead exemption from ad valorem taxation. If the property is your~~

~~home and you occupy it as your principal place of residence, the property may qualify for one or more residence homestead exemptions, which will reduce the amount of taxes imposed on the property. The form needed to apply for a residence homestead exemption is enclosed. Although the form may state that the deadline for filing an application for a residence homestead exemption is April 30, a late application for a residence homestead exemption will be accepted if filed before February 1, (insert year application must be filed). There is no fee or charge for filing an application or a late application for a residence homestead exemption." The notice must be accompanied by an application form for a residence homestead exemption.]~~

(b-3) This subsection applies only to an appraisal district described by Section 6.41(b-2). In addition to the information required by Subsection (b), the chief appraiser shall state in a notice of appraised value of property described by Section 6.425(b) that the property owner has the right to have a protest relating to the property heard by a special panel of the appraisal review board.

(b-4) Subsection (b)(5) applies only to a notice of appraised value required to be delivered by the chief appraiser of an appraisal district established in a county with a population of less than 120,000. This subsection expires January 1, 2022.

(c) In the case of the residence homestead of a person 65 years of age or older or disabled that is subject to the limitation on a tax increase over the preceding year for school tax purposes, the chief appraiser shall indicate on the notice that the preceding year's taxes may not be increased.

(d) Failure to receive a notice required by this section does not affect the validity of the appraisal of the property, the imposition of any tax on the basis of the appraisal, the existence of any tax lien, the deadline for filing an application for a residence homestead exemption, or any proceeding instituted to collect the tax.

(e) The chief appraiser, with the approval of the appraisal district board of directors, may dispense with the notice required by Subsection (a)(1) if the amount of increase in appraised value is $1,000 or less.

(f) In the notice of appraised value for real property, the chief appraiser shall list separately:

(1) the market value of the land; and

(2) the total market value of the structures and other improvements on the property.

(g) By April 1 or as soon thereafter as practicable if the property is a single-family residence that qualifies for an exemption under Section 11.13, or by May 1 or as soon thereafter as practicable in connection with any other property, the chief appraiser shall deliver a written notice to the owner of each property not included in a notice required to be delivered under Subsection (a), if the property was reappraised in the current tax year, if the ownership of the property changed during the preceding year, or if the property owner or the agent of a property owner authorized under Section 1.111 makes a written request for the notice. The chief appraiser shall separate real from personal property and include in the notice for each property:

(1) the appraised value of the property in the preceding year;

(2) the appraised value of the property for the current year and the kind of each partial exemption, if any, approved for the current year;

(3) a detailed explanation of the time and procedure for protesting the value; and

(4) the date and place the appraisal review board will begin hearing protests.

(h) A notice required by Subsection (a) or (g) must be in the form of a letter.

(i) Delivery with a notice required by Subsection (a) or (g) of a copy of the pamphlet published by the comptroller under Section 5.06 or a copy of the notice published by the chief appraiser under Section 41.70 is sufficient to comply with the requirement that the notice include the information specified by Subsection **(b)(6)** ~~[(b)(7)]~~ or (g)(3), as applicable.

(j) The chief appraiser shall include with a notice required by Subsection (a) or (g):

(1) a copy of a notice of protest form as prescribed by the comptroller under Section 41.44(d); and

(2) instructions for completing and mailing the form to the appraisal review board and requesting a hearing on the protest.

(k) Notwithstanding any other provision of this section, the chief appraiser may not deliver a written notice concerning property that is required to be rendered or

reported under Chapter 22 until after the applicable deadline for filing the rendition statement or property report.

Effective: January 1, 2020, except as follows: January 1, 2021 §§ b-3 and b-4; January 1, 2022 §§(b) and (i).

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

S.B. 2060

SECTION 1. Section 25.19, Tax Code, is amended by **adding Subsection (l)** to read as follows:

(l) In addition to the information required by Subsection (b), the chief appraiser shall include with a notice required by Subsection (a) a brief explanation of each total or partial exemption of property from taxation required or authorized by this title that is available to:

(1) a disabled veteran or the veteran's surviving spouse or child;

(2) an individual who is 65 years of age or older or the individual's surviving spouse;

(3) an individual who is disabled or the individual's surviving spouse;

(4) the surviving spouse of a member of the armed services of the United States who is killed in action; or

(5) the surviving spouse of a first responder who is killed or fatally injured in the line of duty.

Effective: January 1, 2020

SECTION 2. The change in law made by this Act applies only to a notice of appraised value for a tax year beginning on or after the effective date of this Act.

§§ 25.192-25.193

S.B. 2

SECTION 30. Chapter 25, Tax Code, is amended by **adding Sections 25.192 and 25.193** to read as follows:

Sec. 25.192. NOTICE OF RESIDENCE HOMESTEAD EXEMPTION ELIGIBILITY.

(a) This section applies only to residential property that has not qualified for a residence homestead exemption in the current tax year.

(b) If the records of the appraisal district indicate that the address of the property is also the address of the owner of the property, the chief appraiser must send to the property owner a notice that contains:

> **(1) the following statement in boldfaced 18-point type at the top of the first page of the notice: "NOTICE: A residence homestead exemption from ad valorem taxation is NOT currently being allowed on the property listed below. However, our records show that this property may qualify for a residence homestead exemption, which will reduce your taxes.";**
>
> **(2) following the statement described by Subdivision (1), the following statement in 12-point type: "According to the records of the appraisal district, the property described in this notice may be your primary residence and may qualify for a residence homestead exemption from ad valorem taxation. If the property is your home and you occupy it as your primary residence, the property likely qualifies for one or more residence homestead exemptions, which will reduce the amount of taxes imposed on the property. The form needed to apply for a residence homestead exemption is enclosed. Although the form may state that the deadline for filing an application for a residence homestead exemption is April 30, a late application for a residence homestead exemption will be accepted if filed before February 1, (insert year application must be**

filed). There is no fee or charge for filing an application or a late application for a residence homestead exemption."; and

(3) following the statement described by Subdivision (2), the address to which the notice is sent.

(c) The notice required by this section must be accompanied by an application form for a residence homestead exemption.

(d) If a property owner has elected to receive notices by e-mail as provided by Section 1.086, the notice required by this section must be sent in that manner separately from any other notice sent to the property owner by the chief appraiser.

Sec. 25.193. NOTICE OF CERTAIN CANCELED OR REDUCED EXEMPTIONS.

(a) By April 1 or as soon thereafter as practicable if the property is a single-family residence that qualifies for an exemption under Section 11.13, or by May 1 or as soon thereafter as practicable in connection with residential property that does not qualify for an exemption under Section 11.13, the chief appraiser shall deliver a clear and understandable written notice to a property owner if an exemption or partial exemption that was approved for the preceding year was canceled or reduced for the current year.

(b) If a property owner has elected to receive notices by e-mail as provided by Section 1.086, for property described by that section, the notice required by this section must be sent in that manner regardless of whether the information was also included in a notice under Section 25.19 and must be sent separately from any other notice sent to the property owner by the chief appraiser.

Effective: January 1, 2020

SECTION 104. Sections 25.192 and 25.193, Tax Code, as added by this Act, apply only to a notice for a tax year beginning on or after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§25.25

H.B. 2159

SECTION 1. Section 25.25, Tax Code, is amended by **amending Subsection (d)** and **adding Subsection (d-1)** to read as follows:

§ 25.25. Correction of Appraisal Roll

(a) Except as provided by Chapters 41 and 421 of this code and by this section, the appraisal roll may not be changed.

(b) The chief appraiser may change the appraisal roll at any time to correct a name or address, a determination of ownership, a description of property, multiple appraisals of a property, an erroneous denial or cancellation of any exemption authorized by Section 11.13 if the applicant or recipient is disabled or is 65 or older or an exemption authorized by Section 11.13(q), 11.131, or 11.22, or a clerical error or other inaccuracy as prescribed by board rule that does not increase the amount of tax liability. Before the 10th day after the end of each calendar quarter, the chief appraiser shall submit to the appraisal review board and to the board of directors of the appraisal district a written report of each change made under this subsection that decreases the tax liability of the owner of the property. The report must include:

(1) a description of each property; and

(2) the name of the owner of that property.

(c) The appraisal review board, on motion of the chief appraiser or of a property owner, may direct by written order changes in the appraisal roll for any of the five preceding years to correct:

(1) clerical errors that affect a property owner's liability for a tax imposed in that tax year;

(2) multiple appraisals of a property in that tax year;

(3) the inclusion of property that does not exist in the form or at the location described in the appraisal roll; or

(4) an error in which property is shown as owned by a person who did not own the property on January 1 of that tax year.

(d) At any time prior to the date the taxes become delinquent, a property owner or the chief appraiser may file a motion with the appraisal review board to change the appraisal roll to correct an error that resulted in an incorrect appraised value for the owner's property. However, the error may not be corrected unless it resulted in an appraised value that exceeds by more than [~~one-third the correct appraised value~~.[9] [~~If the appraisal roll is changed under this subsection, the property owner must pay to each affected taxing unit a late-correction penalty equal to 10 percent of the amount of taxes as calculated on the basis of the corrected appraised value. Payment of the late-correction penalty is secured by the lien that attaches to the property under Section 32.01 and is subject to enforced collection under Chapter 33. The roll may not be changed under this subsection if:~~

~~(1) the property was the subject of a protest brought by the property owner under Chapter 41, a hearing on the protest was conducted in which the property owner offered evidence or argument, and the appraisal review board made a determination of the protest on the merits; or~~

~~(2) the appraised value of the property was established as a result of a written agreement between the property owner or the owner's agent and the appraisal district.~~]

(1) one-fourth the correct appraised value, in the case of property that qualifies as the owner ’s residence homestead under Section 11.13; or

(2) one-third the correct appraised value, **in the case of property that does not qualify as the owner ’s residence homestead under Section 11.13.**

(d-1) If the appraisal roll is changed under **subsection (d)** [~~this subsection~~], the property owner must pay to each affected taxing unit a late-correction penalty equal to 10 percent of the amount of taxes as calculated on the basis of the corrected appraised value. Payment of the late-correction penalty is secured by the lien that attaches to the property under Section 32.01 and is subject to enforced collection under Chapter 33. The roll may not be changed under **subsection (d)** [~~this subsection~~] if:

[9] Moved in part to § 25.25(d)(2), with alternative new option in (d)(1).
[10] Moved to § 25.25(d-1).

(1) the property was the subject of a protest brought by the property owner under Chapter 41, a hearing on the protest was conducted in which the property owner offered evidence or argument, and the appraisal review board made a determination of the protest on the merits; or

(2) the appraised value of the property was established as a result of a written agreement between the property owner or the owner's agent and the appraisal district.

(e) If the chief appraiser and the property owner do not agree to the correction before the 15th day after the date the motion is filed, a party bringing a motion under Subsection (c) or (d) is entitled on request to a hearing on and a determination of the motion by the appraisal review board. A party bringing a motion under this section must describe the error or errors that the motion is seeking to correct. Not later than 15 days before the date of the hearing, the board shall deliver written notice of the date, time, and place of the hearing to the chief appraiser, the property owner, and the presiding officer of the governing body of each taxing unit in which the property is located. The chief appraiser, the property owner, and each taxing unit are entitled to present evidence and argument at the hearing and to receive written notice of the board's determination of the motion. The property owner is entitled to elect to present the owner's evidence and argument before, after, or between the cases presented by the chief appraiser and each taxing unit. A property owner who files the motion must comply with the payment requirements of Section 25.26 or forfeit the right to a final determination of the motion.

(f) The chief appraiser shall certify each change made as provided by this section to the assessor for each unit affected by the change within five days after the date the change is entered.

(g) Within 60 days after receiving notice of the appraisal review board's determination of a motion under this section or of a determination of the appraisal review board that the property owner has forfeited the right to a final determination of a motion under this section for failing to comply with the prepayment requirements of Section 25.26, the property owner or the chief appraiser may file suit to compel the board to order a change in the appraisal roll as required by this section. A taxing unit may not be made a party to a suit filed by a property owner or chief appraiser under this subsection.

(g-1) In a suit filed under Subsection (g), if a hearing to review and determine compliance with Section 25.26 is requested, the movant must mail notice of the hearing by certified mail, return receipt requested, to the collector for each taxing unit that imposes taxes on the property not later than the 45th day before the date of the hearing.

(g-2) Regardless of whether the collector for the taxing unit receives a notice under Subsection (g-1), a taxing unit that imposes taxes on the property may intervene in a suit filed under Subsection (g) and participate in the proceedings for the limited purpose of determining whether the property owner has complied with Section 25.26. The taxing unit is entitled to process for witnesses and evidence and to be heard by the court.

(h) The appraisal review board, on the joint motion of the property owner and the chief appraiser filed at any time prior to the date the taxes become delinquent, shall by written order correct an error that resulted in an incorrect appraised value for the owner's property.

(i) A person who acquires property after January 1 of the tax year at issue is entitled to file any motion that this section authorizes the person who owned the property on January 1 of that year to file, if the deadline for filing the motion has not passed.

(j) If during the pendency of a motion under this section the ownership of property subject to the motion changes, the new owner of the property is entitled to proceed with the motion in the same manner as the property owner who filed the motion.

(k) The chief appraiser shall change the appraisal records and school district appraisal rolls promptly to reflect the detachment and annexation of property among school districts under Subchapter C or G, Chapter 41, Education Code.2

(l) A motion may be filed under Subsection (c) regardless of whether, for a tax year to which the motion relates, the owner of the property protested under Chapter 41 an action relating to the value of the property that is the subject of the motion.

(m) The hearing on a motion under Subsection (c) or (d) shall be conducted in the manner provided by Subchapter C, Chapter 41.

(n) After a chief appraiser certifies a change under Subsection (b) that corrects multiple appraisals of a property, the liability of a taxing unit for a refund of taxes under Section 26.15(f), and any penalty or interest on those taxes, is limited to

taxes paid for the tax year in which the appraisal roll is changed and the four tax years preceding that year.

(o) The failure or refusal of a chief appraiser to change an appraisal roll under Subsection (b) is not:

(1) an action that the appraisal review board is authorized to determine under this section;

(2) an action that may be the subject of a suit to compel filed under Subsection (g);

(3) an action that a property owner is entitled to protest under Section 41.41; or

(4) an action that may be appealed under Chapter 42.

(p) Not later than the 45th day after the date a dispute or error described by Section 72.010(c), Local Government Code, is resolved by an agreement between the taxing units under Section 31.112(c) of this code or by a final order of the supreme court entered under Section 72.010, Local Government Code, the chief appraiser of each applicable appraisal district shall correct the appraisal roll and other appropriate records as necessary to reflect the agreement or order.

Effective: Immediately

SECTION 2. The change in law made by this Act applies only to a motion to correct an appraisal roll filed on or after the effective date of this Act. A motion to correct an appraisal roll filed before the effective date of this Act is governed by the law in effect on the date the motion was filed, and the former law is continued in effect for that purpose.

§ 26.01

S.B. 2

SECTION 31. Section 26.01, Tax Code, is amended by **adding Subsection (a-1)** to read as follows:

§ 26.01. Submission of Rolls to Taxing Units

(a) By July 25, the chief appraiser shall prepare and certify to the assessor for each taxing unit participating in the district that part of the appraisal roll for the district that lists the property taxable by the unit. The part certified to the assessor is the appraisal roll for the unit. The chief appraiser shall consult with the assessor for each taxing unit and notify each unit in writing by April 1 of the form in which the roll will be provided to each unit.

(a-1) If by July 20 the appraisal review board for an appraisal district has not approved the appraisal records for the district as required under Section 41.12, the chief appraiser shall not later than July 25 prepare and certify to the assessor for each taxing unit participating in the district an estimate of the taxable value of property in that taxing unit.

(b) When a chief appraiser submits an appraisal roll for county taxes to a county assessor-collector, the chief appraiser also shall certify the appraisal district appraisal roll to the comptroller. However, the comptroller by rule may provide for submission of only a summary of the appraisal roll. The chief appraiser shall certify the district appraisal roll or the summary of that roll in the form and manner prescribed by the comptroller's rule.

(c) The chief appraiser shall prepare and certify to the assessor for each taxing unit a listing of those properties which are taxable by that unit but which are under protest and therefore not included on the appraisal roll approved by the appraisal review board and certified by the chief appraiser. This listing shall include the appraised market value, productivity value (if applicable), and taxable value as determined by the appraisal district and shall also include the market value, taxable value, and productivity value (if applicable) as claimed by the property owner filing the protest if available. If the property owner does not claim a value and the appraised value of the property in the current year is equal to or less than its value in the preceding year, the listing shall include a reasonable estimate of the market value, taxable value, and productivity value (if applicable) that would be assigned to the property if the taxpayer's claim is upheld. If the property owner does not claim a value and the appraised value of the property is higher than its appraised

value in the preceding year, the listing shall include the appraised market value, productivity value (if applicable) and taxable value of the property in the preceding year, except that if there is a reasonable likelihood that the appraisal review board will approve a lower appraised value for the property than its appraised value in the preceding year, the chief appraiser shall make a reasonable estimate of the taxable value that would be assigned to the property if the property owner's claim is upheld. The taxing unit shall use the lower value for calculations as prescribed in Sections 26.04 and 26.041 of this code.

(d) The chief appraiser shall prepare and certify to the assessor for each taxing unit a list of those properties of which the chief appraiser has knowledge that are reasonably likely to be taxable by that unit but that are not included on the appraisal roll certified to the assessor under Subsection (a) or included on the listing certified to the assessor under Subsection (c). The chief appraiser shall include on the list for each property the market value, appraised value, and kind and amount of any partial exemptions as determined by the appraisal district for the preceding year and a reasonable estimate of the market value, appraised value, and kind and amount of any partial exemptions for the current year. Until the property is added to the appraisal roll, the assessor for the taxing unit shall include each property on the list in the calculations prescribed by Sections 26.04 and 26.041, and for that purpose shall use the lower market value, appraised value, or taxable value, as appropriate, included on or computed using the information included on the list for the property.

(e) Except as provided by Subsection (f), not later than April 30, the chief appraiser shall prepare and certify to the assessor for each county, municipality, and school district participating in the appraisal district an estimate of the taxable value of property in that taxing unit. The chief appraiser shall assist each county, municipality, and school district in determining values of property in that taxing unit for the taxing unit's budgetary purposes.

(f) Subsection (e) does not apply to a county or municipality that notifies the chief appraiser that the county or municipality elects not to receive the estimate or assistance described by that subsection.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 26.012

S.B. 1621

SECTION 7. Section 26.012**(1), Tax Code, is amended** to read as follows:

§ 26.012. Definitions

In this chapter:

(1) "Additional sales and use tax" means an additional sales and use tax imposed by:

(A) a city under Section 321.101(b);

(B) a county under Chapter 323; or

(C) a hospital district, other than a hospital district**:** [created on or after September 1, 2001, that][11]:

(i) created on or after September 1, 2001, that:

(a) ~~[(i)]~~ imposes the sales and use tax under Subchapter I, Chapter 286, Health and Safety Code;1 or

(b) ~~[(ii)]~~ imposes the sales and use tax under Subchapter L, Chapter 285, Health and Safety Code.2**; or**

(ii) that imposes the sales and use tax under Subchapter G, Chapter 1061, Special District Local Laws Code.

(2) "Collection rate" means the amount, expressed as a percentage, calculated by:

(A) adding together estimates of the following amounts:

[11] Moved to § 26.012(C)(i)

(i) the total amount of taxes to be levied in the current year and collected before July 1 of the next year, including any penalties and interest on those taxes that will be collected during that period;

(ii) any additional taxes imposed under Chapter 23 collected between July 1 of the current year and June 30 of the following year; and

(iii) the total amount of delinquent taxes levied in any preceding year that will be collected between July 1 of the current year and June 30 of the following year, including any penalties and interest on those taxes that will be collected during that period; and

(B) dividing the amount calculated under Paragraph (A) by the total amount of taxes that will be levied in the current year.

(3) "Current debt" means debt service for the current year.

(4) "Current debt rate" means a rate expressed in dollars per $100 of taxable value and calculated according to the following formula:

CURRENT DEBT RATE = [(CURRENT DEBT SERVICE - EXCESS COLLECTIONS) / (CURRENT TOTAL VALUE x COLLECTION RATE)] + CURRENT JUNIOR COLLEGE LEVY / CURRENT TOTAL VALUE

(5) "Current junior college levy" means the amount of taxes the governing body proposes to dedicate in the current year to a junior college district under Section 45.105(e), Education Code.

(6) "Current total value" means the total taxable value of property listed on the appraisal roll for the current year, including all appraisal roll supplements and corrections as of the date of the calculation, less the taxable value of property exempted for the current tax year for the first time under Section 11.31 or 11.315, except that:

(A) the current total value for a school district excludes:

(i) the total value of homesteads that qualify for a tax limitation as provided by Section 11.26; and

(ii) new property value of property that is subject to an agreement entered into under Chapter 313; and

(B) the current total value for a county, municipality, or junior college district excludes the total value of homesteads that qualify for a tax limitation provided by Section 11.261.

(7) “Debt” means a bond, warrant, certificate of obligation, or other evidence of indebtedness owed by a taxing unit that is payable solely from property taxes in installments over a period of more than one year, not budgeted for payment from maintenance and operations funds, and secured by a pledge of property taxes, or a payment made under contract to secure indebtedness of a similar nature issued by another political subdivision on behalf of the taxing unit.

(8) “Debt service” means the total amount expended or to be expended by a taxing unit from property tax revenues to pay principal of and interest on debts or other payments required by contract to secure the debts and, if the unit is created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, payments on debts that the unit anticipates incurring in the next calendar year.

Effective: September 1, 2019

S.B. 2

SECTION 33. Section 26.012**(9), Tax Code, is redesignated as Section 26.012(18), Tax Code and amended**.

SECTION 32. Section 26.012, Tax Code, is amended by **adding Subdivisions (8-a) and (19)** and **amending Subdivisions (10) and (13)** to read as follows:

(8-a) "De minimis rate" means the rate equal to the sum of:

(A) a taxing unit's no-new-revenue maintenance and operations rate;

(B) the rate that, when applied to a taxing unit's current total value, will impose an amount of taxes equal to $500,000; and

(C) a taxing unit's current debt rate.

~~[(9) “Effective maintenance and operations rate” means a rate expressed in dollars per $100 of taxable value and calculated according to the following formula:~~

~~EFFECTIVE MAINTENANCE AND OPERATIONS RATE = (LAST YEAR'S LEVY - LAST YEAR'S DEBT LEVY - LAST YEAR'S JUNIOR COLLEGE LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)]~~[12]

(10) "Excess collections" means the amount, if any, by which debt taxes collected in the preceding year exceeded the amount anticipated in the preceding year's calculation of the **voter approval tax** ~~[rollback]~~ rate, as certified by the collector under Section 26.04(b) ~~[of this code]~~.

(11) "Last year's debt levy" means the total of:

(A) the amount of taxes that would be generated by multiplying the total taxable value of property on the appraisal roll for the preceding year, including all appraisal roll supplements and corrections, other than corrections made pursuant to Section 25.25(d) of this code, as of the date of calculation, by the debt rate adopted by the governing body in the preceding year under Section 26.05(a)(1) of this code; and

(B) the amount of debt taxes refunded by the taxing unit in the preceding year for tax years before that year.

(12) "Last year's junior college levy" means the amount of taxes dedicated by the governing body in the preceding year for use of a junior college district under Section 45.105(e), Education Code.

(13) "Last year's levy" means the total of:

(A) the amount of taxes that would be generated by multiplying the total tax rate adopted by the governing body in the preceding year by the total taxable value of property on the appraisal roll for the preceding year, including:

(i) taxable value that was reduced in an appeal under Chapter 42; and

(ii) all appraisal roll supplements and corrections other than corrections made pursuant to Section 25.25(d), as of the date of the calculation, except that last year's taxable value for a school district excludes the total value of homesteads that qualified for a tax limitation as provided by Section 11.26 and last year's taxable value for a county, municipality, or junior college district excludes the total

[12] Moved to § 26.012(18).

value of homesteads that qualified for a tax limitation as provided by Section 11.261; and

(iii) the portion of taxable value of property that is the subject of an appeal under Chapter 42 on July 25 that is not in dispute; and

(B) the amount of taxes refunded by the taxing unit in the preceding year for tax years before that year.

(14) “Last year's total value” means the total taxable value of property listed on the appraisal roll for the preceding year, including all appraisal roll supplements and corrections, other than corrections made pursuant to Section 25.25(d), as of the date of the calculation, except that:

(A) last year's taxable value for a school district excludes the total value of homesteads that qualified for a tax limitation as provided by Section 11.26; and

(B) last year's taxable value for a county, municipality, or junior college district excludes the total value of homesteads that qualified for a tax limitation as provided by Section 11.261.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

H.B. 492

SECTION 5. Section 26.012**(15), Tax Code, is amended** to read as follows:

(15) "Lost property levy" means the amount of taxes levied in the preceding year on property value that was taxable in the preceding year but is not taxable in the current year because the property is exempt in the current year under a provision of this code other than Section 11.251, [~~or~~] 11.253, **or 11.35**, the property has qualified for special appraisal under Chapter 23 in the current year, or the property

is located in territory that has ceased to be a part of the **taxing** unit since the preceding year.

(16) "Maintenance and operations" mean any lawful purpose other than debt service for which a taxing unit may spend property tax revenues.

(17) "New property value" means:

(A) the total taxable value of property added to the appraisal roll in the current year by annexation and improvements listed on the appraisal roll that were made after January 1 of the preceding tax year, including personal property located in new improvements that was brought into the unit after January 1 of the preceding tax year;

(B) property value that is included in the current total value for the tax year succeeding a tax year in which any portion of the value of the property was excluded from the total value because of the application of a tax abatement agreement to all or a portion of the property, less the value of the property that was included in the total value for the preceding tax year; and

(C) for purposes of an entity created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, property value that is included in the current total value for the tax year succeeding a tax year in which the following occurs:

(i) the subdivision of land by plat;

(ii) the installation of water, sewer, or drainage lines; or

(iii) the paving of undeveloped land.

Effective: January 1, 2020 (only if the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, authorizing the legislature to provide for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property damaged by a disaster is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.)

S.B. 2

SECTION 32. Section 26.012, Tax Code, is amended by **adding Subdivisions** (8-a) and **(19)** and amending Subdivisions (10) and (13) to read as follows:

SECTION 33. Section 26.012(9), Tax Code, **is redesignated as Section 26.012(18), Tax Code, and amended** to read as follows:

(18) "**No-new-revenue** ~~[(9) "Effective]~~ maintenance and operations rate" means a rate expressed in dollars per $100 of taxable value and calculated according to the following formula:

NO-NEW-REVENUE ~~[EFFECTIVE]~~ MAINTENANCE AND OPERATIONS RATE = (LAST YEAR'S LEVY - LAST YEAR'S DEBT LEVY - LAST YEAR'S JUNIOR COLLEGE LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

(19) "Special taxing unit" means:

(A) a taxing unit, other than a school district, for which the maintenance and operations tax rate proposed for the current tax year is 2.5 cents or less per $100 of taxable value;

(B) a junior college district; or

(C) a hospital district.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 26.013

S.B. 2

SECTION 34. Chapter 26, Tax Code, is amended by **adding Section 26.013** to read as follows:

Sec. 26.013. UNUSED INCREMENT RATE.

(a) In this section:

(1) "Actual tax rate" means a taxing unit's actual tax rate used to levy taxes in the applicable preceding tax year.

(2) "Voter-approval tax rate" means a taxing unit's voter-approval tax rate in the applicable preceding tax year less the unused increment rate for that preceding tax year.

(3) "Year 1" means the third tax year preceding the current tax year.

(4) "Year 2" means the second tax year preceding the current tax year.

(5) "Year 3" means the tax year preceding the current tax year.

(b) In this chapter, "unused increment rate" means the greater of:

(1) zero; or

(2) the rate expressed in dollars per $100 of taxable value calculated according to the following formula:

UNUSED INCREMENT RATE = (YEAR 1 VOTER-APPROVAL TAX RATE - YEAR 1 ACTUAL TAX RATE) + (YEAR 2 VOTER-APPROVAL TAX RATE - YEAR 2 ACTUAL TAX RATE) + (YEAR 3 VOTER-APPROVAL TAX RATE - YEAR 3 ACTUAL TAX RATE)

(c) Notwithstanding Subsection (b)(2), for each tax year before the 2020 tax year, the difference between the taxing unit's voter-approval tax rate and actual tax rate is considered to be zero. This subsection expires December 31, 2022.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 26.04

S.B. 2

SECTION 35. **The heading** to Section 26.04, Tax Code, **is amended** to read as follows:

Sec. 26.04. SUBMISSION OF ROLL TO GOVERNING BODY; **NO-NEW-REVENUE** ~~[EFFECTIVE]~~ AND **VOTER-APPROVAL** ~~[ROLLBACK]~~ TAX RATES.

SECTION 36. Section 26.04, Tax Code, is amended **by amending Subsections (b), (c), (d), (e), (e-1), (f), (g), (i), and (j)** and **adding Subsections (c-1), (c-2), (d-1), (d-2), (d-3), (e-2), (e-3), (e-4), (e-5), (h-1), and (h-2)** to read as follows:

§ 26.04. Submission of Roll to Governing Body; Effective and Rollback Tax Rates

(a) On receipt of the appraisal roll, the assessor for a taxing unit shall determine the total appraised value, the total assessed value, and the total taxable value of property taxable by the unit. He shall also determine, using information provided by the appraisal office, the appraised, assessed, and taxable value of new property.

(b) The assessor shall submit the appraisal roll for the unit showing the total appraised, assessed, and taxable values of all property and the total taxable value of new property to the governing body of the **taxing** unit by August 1 or as soon thereafter as practicable. By August 1 or as soon thereafter as practicable, the taxing unit's collector shall certify [an estimate of] the **anticipated** collection rate **as calculated under Subsections (h), (h-1), and (h-2)** for the current year to the governing body. If the collector certified an anticipated collection rate in the preceding year and the actual collection rate in that year exceeded the anticipated rate, the collector shall also certify the amount of debt taxes collected in excess of the anticipated amount in the preceding year.

(c) **After the assessor for the taxing unit submits the appraisal roll for the taxing unit to the governing body of the taxing unit as required by Subsection (b), an** ~~[An]~~ officer or employee designated by the governing body shall calculate the **no new revenue** ~~[effective]~~ tax rate and the **voter approval** ~~[rollback]~~ tax rate for the unit, where:

(1) "**No New Revenue** ~~[Effective]~~ tax rate" means a rate expressed in dollars per $100 of taxable value calculated according to the following formula:

No New Revenue ~~[EFFECTIVE]~~ TAX RATE =

(LAST YEAR'S LEVY - LOST PROPERTY LEVY)

(CURRENT TOTAL VALUE - NEW PROPERTY VALUE)

; and

(2) "**Voter approval** ~~[Rollback]~~ tax rate" means a rate expressed in dollars per $100 of taxable value calculated according to the following **applicable** formula:

(A) for a special taxing unit:

Voter approval ~~[ROLLBACK]~~ TAX RATE =

(**NO NEW REVENUE** ~~[EFFECTIVE]~~ MAINTENANCE AND OPERATIONS RATE x 1.08) + CURRENT DEBT RATE

(B) for a taxing unit other than a special taxing unit:

VOTER-APPROVAL TAX RATE = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE)

(c-1) Notwithstanding any other provision of this section, the governing body of a taxing unit other than a special taxing unit may direct the designated officer or employee to calculate the voter-approval tax rate of the taxing unit in the manner provided for a special taxing unit if any part of the taxing unit is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States. The designated officer or employee shall continue calculating the voter-approval tax rate in the manner provided by this subsection until the earlier of:

(1) the second tax year in which the total taxable value of property taxable by the taxing unit as shown on the appraisal roll for the taxing unit submitted by the assessor for the taxing unit to the governing body exceeds the total taxable value of property taxable by the taxing unit on January 1 of the tax year in which the disaster occurred; or

(2) the third tax year after the tax year in which the disaster occurred.

(c-2) Notwithstanding any other provision of this section, if the assessor for a taxing unit receives a certified estimate of the taxable value of property in the taxing unit under Section 26.01(a-1), the officer or employee designated by the governing body of the taxing unit shall calculate the no-new-revenue tax rate and voter-approval tax rate using the certified estimate of taxable value.

(d) The **no-new-revenue** ~~[effective]~~ tax rate for a county is the sum of the **no-new-revenue** ~~[effective]~~ tax rates calculated for each type of tax the county levies and the **voter-approval** ~~[rollback]~~ tax rate for a county is the sum of the **voter-approval** ~~[rollback]~~ tax rates calculated for each type of tax the county levies.

(d-1) The designated officer or employee shall use the tax rate calculation forms prescribed by the comptroller under Section 5.07 in calculating the no-new-revenue tax rate and the voter-approval tax rate.

(d-2) The designated officer or employee may not submit the no-new-revenue tax rate and the voter-approval tax rate to the governing body of the taxing unit and the taxing unit may not adopt a tax rate until the designated officer or employee certifies on the tax rate calculation forms that the designated officer or employee has accurately calculated the tax rates and has used values that are the same as the values shown in the taxing unit's certified appraisal roll in performing the calculations.

(d-3) As soon as practicable after the designated officer or employee calculates the no-new-revenue tax rate and the voter-approval tax rate of the taxing unit, the designated officer or employee shall submit the tax rate calculation forms used in calculating the rates to the county assessor-collector for each county in which all or part of the territory of the taxing unit is located.

(e) By August 7 or as soon thereafter as practicable, the designated officer or employee shall submit the rates to the governing body. **The designated officer or employee** ~~[He]~~ shall **post prominently on the home page of the taxing unit's**

Internet website ~~[deliver by mail to each property owner in the unit or publish in a newspaper]~~ in the form prescribed by the comptroller:

(1) the **no new revenue** ~~[effective]~~ tax rate, the **voter approval** ~~[rollback]~~ tax rate, and an explanation of how they were calculated;

(2) the estimated amount of interest and sinking fund balances and the estimated amount of maintenance and operation or general fund balances remaining at the end of the current fiscal year that are not encumbered with or by corresponding existing debt obligation; **and**

(3) a schedule of the **taxing** unit's debt obligations showing:

(A) the amount of principal and interest that will be paid to service the **taxing** unit's debts in the next year from property tax revenue, including payments of lawfully incurred contractual obligations providing security for the payment of the principal of and interest on bonds and other evidences of indebtedness issued on behalf of the **taxing** unit by another political subdivision and, if the **taxing** unit is created under Section 52, Article III, or Section 59, Article XVI, Texas Constitution, payments on debts that the **taxing** unit anticipates to incur in the next calendar year;

(B) the amount by which taxes imposed for debt are to be increased because of the **taxing** unit's anticipated collection rate; and

(C) the total of the amounts listed in Paragraphs (A)-(B), less any amount collected in excess of the previous year's anticipated collections certified as provided in Subsection (b);

~~[(4) the amount of additional sales and use tax revenue anticipated in calculations under Section 26.041;~~

~~(5) a statement that the adoption of a tax rate equal to the effective tax rate would result in an increase or decrease, as applicable, in the amount of taxes imposed by the unit as compared to last year's levy, and the amount of the increase or decrease;~~

~~(6) in the year that a taxing unit calculates an adjustment under Subsection (i) or (j), a schedule that includes the following elements:~~

~~(A) the name of the unit discontinuing the department, function, or activity;~~

~~(B) the amount of property tax revenue spent by the unit listed under Paragraph (A) to operate the discontinued department, function, or activity in the 12 months preceding the month in which the calculations required by this chapter are made; and~~

~~(C) the name of the unit that operates a distinct department, function, or activity in all or a majority of the territory of a taxing unit that has discontinued operating the distinct department, function, or activity; and~~

~~(7) in the year following the year in which a taxing unit raised its rollback rate as required by Subsection (j), a schedule that includes the following elements:~~

~~(A) the amount of property tax revenue spent by the unit to operate the department, function, or activity for which the taxing unit raised the rollback rate as required by Subsection (j) for the 12 months preceding the month in which the calculations required by this chapter are made; and~~

~~(B) the amount published by the unit in the preceding tax year under Subdivision (6)(B).]~~

(e-1) The **tax rate certification requirements imposed by Subsection (d-2) and the** notice requirements imposed by Subsections **(e)(1)-(3)** ~~[(e)(1)-(6)]~~ do not apply to a school district.

(e-2) By August 7 or as soon thereafter as practicable, the chief appraiser of each appraisal district shall deliver by regular mail or e-mail to each owner of property located in the appraisal district a notice that the estimated amount of taxes to be imposed on the owner's property by each taxing unit in which the property is located may be found in the property tax database maintained by the appraisal district under Section 26.17. The notice must include:

(1) a statement directing the property owner to an Internet website from which the owner may access information related to the actions taken or proposed to be taken by each taxing unit in which the property is located that may affect the taxes imposed on the owner's property;

(2) a statement that the property owner may request from the county assessor-collector for the county in which the property is located or, if the county assessor-collector does not assess taxes for the county, the person who assesses taxes for the county under Section 6.24(b), contact information for the assessor for each taxing unit in which the property is located, who must provide the information described by this subsection to the owner on request; and

(3) the name, address, and telephone number of the county assessor-collector for the county in which the property is located or, if the county assessor-collector does not assess taxes for the county, the person who assesses taxes for the county under Section 6.24(b).

(e-3) The statement described by Subsection (e-2)(1) must include a heading that is in bold, capital letters in type larger than that used in the other provisions of the notice.

(e-4) The comptroller:

(1) with the advice of the property tax administration advisory board, shall adopt rules prescribing the form of the notice required by Subsection (e-2); and

(2) may adopt rules regarding the format and delivery of the notice.

(e-5) The governing body of a taxing unit shall include as an appendix to the taxing unit's budget for a fiscal year the tax rate calculation forms used by the designated officer or employee of the taxing unit to calculate the no-new-revenue tax rate and the voter-approval tax rate of the taxing unit for the tax year in which the fiscal year begins.

(f) If as a result of consolidation of taxing units a taxing unit includes territory that was in two or more taxing units in the preceding year, the amount of taxes imposed in each in the preceding year is combined for purposes of calculating the **no new revenue** ~~[effective]~~ and **voter approval** ~~[rollback]~~ tax rates under this section.

(g) A person who owns taxable property is entitled to an injunction prohibiting the taxing unit in which the property is taxable from adopting a tax rate if the assessor or designated officer or employee of the **taxing** unit**, the chief appraiser of the applicable appraisal district, or the taxing unit**, as applicable, has not complied with the computation**,** ~~[or]~~ publication **, or posting** requirements of this section **or**

Section 26.16, 26.17, or 26.18 ~~[and the failure to comply was not in good faith]~~. **It is a defense in an action for an injunction under this subsection that the failure to comply was in good faith.**

(h) For purposes of this section, the anticipated collection rate of a taxing unit is the percentage relationship that the total amount of estimated tax collections for the current year bears to the total amount of taxes imposed for the current year. The total amount of estimated tax collections for the current year is the sum of the collector's estimate of:

(1) the total amount of property taxes imposed in the current year that will be collected before July 1 of the following year, including any penalties and interest on those taxes that will be collected during that period; and

(2) the total amount of delinquent property taxes imposed in previous years that will be collected on or after July 1 of the current year and before July 1 of the following year, including any penalties and interest on those taxes that will be collected during that period.

(h-1) Notwithstanding Subsection (h), if the anticipated collection rate of a taxing unit as calculated under that subsection is lower than the lowest actual collection rate of the taxing unit for any of the preceding three years, the anticipated collection rate of the taxing unit for purposes of this section is equal to the lowest actual collection rate of the taxing unit for any of the preceding three years.

(h-2)The anticipated collection rate of a taxing unit for purposes of this section is the rate calculated under Subsection (h) as modified by Subsection (h-1), if applicable, regardless of whether that rate exceeds 100 percent.

(i) This subsection applies to a taxing unit that has agreed by written contract to transfer a distinct department, function, or activity to another taxing unit and discontinues operating that distinct department, function, or activity if the operation of that department, function, or activity in all or a majority of the territory of the taxing unit is continued by another existing taxing unit or by a new taxing unit. The **voter approval** ~~[rollback]~~ tax rate of a taxing unit to which this subsection applies in the first tax year in which a budget is adopted that does not allocate revenue to the discontinued department, function, or activity is calculated as otherwise provided by this section, except that last year's levy used to calculate the **no new revenue** ~~[effective]~~ maintenance and operations rate of the **taxing** unit

is reduced by the amount of maintenance and operations tax revenue spent by the taxing unit to operate the department, function, or activity for the 12 months preceding the month in which the calculations required by this chapter are made and in which the **taxing** unit operated the discontinued department, function, or activity. If the **taxing** unit did not operate that department, function, or activity for the full 12 months preceding the month in which the calculations required by this chapter are made, the **taxing** unit shall reduce last year's levy used for calculating the **no new revenue** ~~[effective]~~ maintenance and operations rate of the **taxing** unit by the amount of the revenue spent in the last full fiscal year in which the **taxing** unit operated the discontinued department, function, or activity.

(j) This subsection applies to a taxing unit that had agreed by written contract to accept the transfer of a distinct department, function, or activity from another taxing unit and operates a distinct department, function, or activity if the operation of a substantially similar department, function, or activity in all or a majority of the territory of the taxing unit has been discontinued by another taxing unit, including a dissolved taxing unit. The **voter approval** ~~[rollback]~~ tax rate of a taxing unit to which this subsection applies in the first tax year after the other taxing unit discontinued the substantially similar department, function, or activity in which a budget is adopted that allocates revenue to the department, function, or activity is calculated as otherwise provided by this section, except that last year's levy used to calculate the **no new revenue** ~~[effective]~~ maintenance and operations rate of the **taxing** unit is increased by the amount of maintenance and operations tax revenue spent by the taxing unit that discontinued operating the substantially similar department, function, or activity to operate that department, function, or activity for the 12 months preceding the month in which the calculations required by this chapter are made and in which the **taxing** unit operated the discontinued department, function, or activity. If the **taxing** unit did not operate the discontinued department, function, or activity for the full 12 months preceding the month in which the calculations required by this chapter are made, the **taxing** unit may increase last year's levy used to calculate the **no new revenue** ~~[effective]~~ maintenance and operations rate by an amount not to exceed the amount of property tax revenue spent by the discontinuing **taxing** unit to operate the discontinued department, function, or activity in the last full fiscal year in which the discontinuing **taxing** unit operated the department, function, or activity.

Effective: January 1, 2020 except as follows; January 1, 2021 for 26.04(d-1), (d-2), (d-3), (e-1), (e-5), and (g).

SECTION 105 (a) An appraisal district established in a county with a population of 200,000 or more and each taxing unit located wholly or primarily in such an appraisal district shall comply with Sections 26.04(e-2), 26.05(d-1) and (d-2), 26.17, and 26.18, Tax Code, as added by this Act, beginning with the 2020 tax year.

(b) An appraisal district established in a county with a population of less than 200,000 and each taxing unit located wholly or primarily in such an appraisal district shall comply with Sections 26.04(e-2), 26.05(d-1) and (d-2), 26.17, and 26.18, Tax Code, as added by this Act, beginning with the 2021 tax year.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 26.041

S.B. 2

SECTION 37. Section 26.041, Tax Code, is amended by **amending Subsections (a), (b), (c), (e), (g), and (h)** and **adding Subsection (c-1)** to read as follows:

§ 26.041. Tax Rate of Unit Imposing Additional Sales and Use Tax

(a) In the first year in which an additional sales and use tax is required to be collected, the **no-new-revenue** ~~[effective]~~ tax rate and **voter-approval** ~~[rollback]~~ tax rate for the **taxing** unit are calculated according to the following formulas:

NO-NEW-REVENUE ~~[EFFECTIVE]~~ TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] - SALES TAX GAIN RATE

and

VOTER-APPROVAL TAX ~~[ROLLBACK]~~ RATE FOR **SPECIAL TAXING UNIT** = (**NO-NEW-REVENUE** ~~[EFFECTIVE]~~ MAINTENANCE AND

OPERATIONS RATE x 1.08) + (CURRENT DEBT RATE - SALES TAX GAIN RATE)

or

VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN SPECIAL TAXING UNIT = (NO-NEW-REVENUE MAINTENANCE AND OPERATIONS RATE x 1.035) + (CURRENT DEBT RATE + UNUSED INCREMENT RATE - SALES TAX GAIN RATE)

where "sales tax gain rate" means a number expressed in dollars per $100 of taxable value, calculated by dividing the revenue that will be generated by the additional sales and use tax in the following year as calculated under Subsection (d) ~~[of this section]~~ by the current total value.

(b) Except as provided by Subsections (a) and (c) ~~[of this section]~~, in a year in which a taxing unit imposes an additional sales and use tax the **voter approval** ~~[rollback]~~ tax rate for the **taxing** unit is calculated according to the following formula, regardless of whether the **taxing** unit levied a property tax in the preceding year:

VOTER APPROVAL ~~[ROLLBACK]~~ RATE **FOR SPECIAL TAXING UNIT** = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / (~~[TOTAL]~~ CURRENT **TOTAL** VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE - SALES TAX REVENUE RATE)

or

VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN SPECIAL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.035) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED INCREMENT RATE - SALES TAX REVENUE RATE)

where “last year's maintenance and operations expense” means the amount spent for maintenance and operations from property tax and additional sales and use tax revenues in the preceding year, and “sales tax revenue rate” means a number expressed in dollars per $100 of taxable value, calculated by dividing the revenue that will be generated by the additional sales and use tax in the current year as calculated under Subsection (d) ~~[of this section]~~ by the current total value.

(c) In a year in which a taxing unit that has been imposing an additional sales and use tax ceases to impose an additional sales and use tax the **no new revenue** ~~[effective]~~ tax rate and **voter approval** ~~[rollback]~~ tax rate for the unit are calculated according to the following formulas:

NO NEW REVENUE ~~[EFFECTIVE]~~ TAX RATE = [(LAST YEAR'S LEVY - LOST PROPERTY LEVY) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + SALES TAX LOSS RATE

and

VOTER APPROVAL ~~[ROLLBACK]~~ TAX RATE **FOR SPECIAL TAXING UNIT** = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.08) / (~~[TOTAL]~~ CURRENT **TOTAL** VALUE - NEW PROPERTY VALUE)] + CURRENT DEBT RATE

or

VOTER-APPROVAL TAX RATE FOR TAXING UNIT OTHER THAN SPECIAL TAXING UNIT = [(LAST YEAR'S MAINTENANCE AND OPERATIONS EXPENSE x 1.035) / (CURRENT TOTAL VALUE - NEW PROPERTY VALUE)] + (CURRENT DEBT RATE + UNUSED INCREMENT RATE)

where "sales tax loss rate" means a number expressed in dollars per $100 of taxable value, calculated by dividing the amount of sales and use tax revenue generated in the last four quarters for which the information is available by the current total value and "last year's maintenance and operations expense" means the amount spent for maintenance and operations from property tax and additional sales and use tax revenues in the preceding year.

(c-1) Notwithstanding any other provision of this section, the governing body of a taxing unit other than a special taxing unit may direct the designated officer or employee to calculate the voter-approval tax rate of the taxing unit in the manner provided for a special taxing unit if any part of the taxing unit is located in an area declared a disaster area during the current tax year by the governor or by the president of the United States. The designated officer or employee shall continue calculating the voter-approval tax rate in the manner provided by this subsection until the earlier of:

(1) the second tax year in which the total taxable value of property taxable by the taxing unit as shown on the appraisal roll for the taxing unit submitted by the assessor for the taxing unit to the governing body exceeds the total taxable value of property taxable by the taxing unit on January 1 of the tax year in which the disaster occurred; or

(2) the third tax year after the tax year in which the disaster occurred.

(d) In order to determine the amount of additional sales and use tax revenue for purposes of this section, the designated officer or employee shall use the sales and use tax revenue for the last preceding four quarters for which the information is available as the basis for projecting the additional sales and use tax revenue for the current tax year. If the rate of the additional sales and use tax is increased or reduced, the projection to be used for the first tax year after the effective date of the sales and use tax change shall be adjusted to exclude any revenue gained or lost because of the sales and use tax rate change. If the unit did not impose an additional sales and use tax for the last preceding four quarters, the designated officer or employee shall request the comptroller of public accounts to provide to the officer or employee a report showing the estimated amount of taxable sales and uses within the unit for the previous four quarters as compiled by the comptroller, and the comptroller shall comply with the request. The officer or employee shall prepare the estimate of the additional sales and use tax revenue for the first year of the imposition of the tax by multiplying the amount reported by the comptroller by the appropriate additional sales and use tax rate and by multiplying that product by .95.

(e) If a city that imposes an additional sales and use tax receives payments under the terms of a contract executed before January 1, 1986, in which the city agrees not to annex certain property or a certain area and the owners or lessees of the property or of property in the area agree to pay at least annually to the city an amount determined by reference to all or a percentage of the property tax rate of the city and all or a part of the value of the property subject to the agreement or included in the area subject to the agreement, the governing body, by order adopted by a majority vote of the governing body, may direct the designated officer or employee to add to the **no new revenue** ~~[effective]~~ and **voter approval** ~~[rollback]~~ tax rates the amount that, when applied to the total taxable value submitted to the governing body, would produce an amount of taxes equal to the difference between the total amount of payments for the tax year under contracts described by this

subsection under the **voter approval** ~~[rollback]~~ tax rate calculated under this section and the total amount of payments for the tax year that would have been obligated to the city if the city had not adopted an additional sales and use tax.

(f) An estimate made by the comptroller under Subsection (d) of this section need not be adjusted to take into account any projection of additional revenue attributable to increases in the total value of items taxable under the state sales and use tax because of amendments of Chapter 151, Tax Code.

(g) If the rate of the additional sales and use tax is increased, the designated officer or employee shall make two projections, in the manner provided by Subsection (d) [~~of this section~~], of the revenue generated by the additional sales and use tax in the following year. The first projection must take into account the increase and the second projection must not take into account the increase. The **designated** officer or employee shall then subtract the amount of the result of the second projection from the amount of the result of the first projection to determine the revenue generated as a result of the increase in the additional sales and use tax. In the first year in which an additional sales and use tax is increased, the **no new revenue** ~~[effective]~~ tax rate for the **taxing** unit is the **no new revenue** ~~[effective]~~ tax rate before the increase minus a number the numerator of which is the revenue generated as a result of the increase in the additional sales and use tax, as determined under this subsection, and the denominator of which is the current total value minus the new property value.

(h) If the rate of the additional sales and use tax is decreased, the designated officer or employee shall make two projections, in the manner provided by Subsection (d) ~~[of this section]~~, of the revenue generated by the additional sales and use tax in the following year. The first projection must take into account the decrease and the second projection must not take into account the decrease. The **designated** officer or employee shall then subtract the amount of the result of the first projection from the amount of the result of the second projection to determine the revenue lost as a result of the decrease in the additional sales and use tax. In the first year in which an additional sales and use tax is decreased, the **no new revenue** ~~[effective]~~ tax rate for the **taxing** unit is the **no new revenue** ~~[effective]~~ tax rate before the decrease plus a number the numerator of which is the revenue lost as a result of the decrease in the additional sales and use tax, as determined under this subsection, and the denominator of which is the current total value minus the new property value.

(i) Any amount derived from the sales and use tax that is or will be distributed by a county to the recipient of an economic development grant made under Chapter 381, Local Government Code, is not considered to be sales and use tax revenue for purposes of this section.

(j) Any amount derived from the sales and use tax that is retained by the comptroller under Section 4 or 5, Chapter 1507, Acts of the 76th Legislature, Regular Session, 1999 (Article 5190.14, Vernon's Texas Civil Statutes), is not considered to be sales and use tax revenue for purposes of this section.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 26.043

S.B. 2

SECTION 38. **The heading** to Section 26.043, Tax Code, **is amended** to read as follows:

Sec. 26.043. VOTER-APPROVAL AND NO-NEW-REVENUE ~~[EFFECTIVE]~~ TAX **RATES** ~~[RATE]~~ IN CITY IMPOSING MASS TRANSIT SALES AND USE TAX.

SECTION 39. Sections 26.043**(a) and (b), Tax Code, are amended** to read as follows:

(a) In the tax year in which a city has set an election on the question of whether to impose a local sales and use tax under Subchapter H, Chapter 453, Transportation

Code,1 the officer or employee designated to make the calculations provided by Section 26.04 may not make those calculations until the outcome of the election is determined. If the election is determined in favor of the imposition of the tax, **the designated officer or employee** ~~[representative]~~ shall subtract from the city's **voter approval** ~~[rollback]~~ and **no new revenue** ~~[effective]~~ tax rates the amount that, if applied to the city's current total value, would impose an amount equal to the amount of property taxes budgeted in the current tax year to pay for expenses related to mass transit services.

(b) In a tax year to which this section applies, a reference in this chapter to the city's **no new revenue** ~~[effective]~~ or **voter approval** ~~[rollback]~~ tax rate refers to that rate as adjusted under this section.

(c) For the purposes of this section, “mass transit services” does not include the construction, reconstruction, or general maintenance of municipal streets.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 26.044

S.B. 2

SECTION 40. **The heading** to Section 26.044, Tax Code, **is amended** to read as follows:

Sec. 26.044. **NO-NEW-REVENUE** ~~[EFFECTIVE]~~ TAX RATE TO PAY FOR STATE CRIMINAL JUSTICE MANDATE.

SECTION 41. Sections 26.044**(a), (b), and (c), Tax Code, are amended** to read as follows:

(a) The first time that a county adopts a tax rate after September 1, 1991, in which the state criminal justice mandate applies to the county, the **no-new-revenue** ~~[effective]~~ maintenance and operation rate for the county is increased by the rate calculated according to the following formula:

(State Criminal Justice Mandate) / (Current Total Value - New Property Value)

(b) In the second and subsequent years that a county adopts a tax rate, if the amount spent by the county for the state criminal justice mandate increased over the previous year, the **no-new-revenue** ~~[effective]~~ maintenance and operation rate for the county is increased by the rate calculated according to the following formula:

(This Year's State Criminal Justice Mandate - Previous Year's State Criminal Justice Mandate) / (Current Total Value - New Property Value)

(c) The county shall include a notice of the increase in the **no-new-revenue** ~~[effective]~~ maintenance and operation rate provided by this section, including a description and amount of the state criminal justice mandate, in the information published under Section 26.04(e) and**, as applicable, in the notice prescribed by** Section **26.06 or 26.061** ~~[26.06(b) of this code]~~.

(d) In this section, “state criminal justice mandate” means the amount spent by the county in the previous 12 months providing for the maintenance and operation cost of keeping inmates in county-paid facilities after they have been sentenced to the Texas Department of Criminal Justice as certified by the county auditor based on information provided by the county sheriff, minus the amount received from state revenue for reimbursement of such costs.

Effective January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 26.0441

S.B. 2

SECTION 42. Sections 26.0441**(a), (b), and (c), Tax Code, are amended** to read as follows:

§ 26.0441. Tax Rate Adjustment for Indigent Health Care

(a) In the first tax year in which a taxing unit adopts a tax rate after January 1, 2000, and in which the enhanced minimum eligibility standards for indigent health care established under Section 61.006, Health and Safety Code, apply to the taxing unit, the **no-new-revenue** ~~[effective]~~ maintenance and operations rate for the taxing unit is increased by the rate computed according to the following formula:

Amount of Increase = Enhanced Indigent Health Care Expenditures / (Current Total Value - New Property Value)

(b) In each subsequent tax year, if the taxing unit's enhanced indigent health care expenses exceed the amount of those expenses for the preceding year, the **no-new-revenue** ~~[effective]~~ maintenance and operations rate for the taxing unit is increased by the rate computed according to the following formula:

Amount of Increase = (Current Tax Year's Enhanced Indigent Health Care Expenditures - Preceding Tax Year's Indigent Health Care Expenditures) / (Current Total Value - New Property Value)

(c) The taxing unit shall include a notice of the increase in its **no-new-revenue** ~~[effective]~~ maintenance and operations rate provided by this section, including a brief description and the amount of the enhanced indigent health care expenditures, in the information published under Section 26.04(e) and, **as** ~~[if]~~ applicable, **in the notice prescribed by** Section **26.06 or 26.061** ~~[26.06(b)]~~.

(d) In this section, “enhanced indigent health care expenditures” for a tax year means the amount spent by the taxing unit for the maintenance and operation costs of providing indigent health care at the increased minimum eligibility standards established under Section 61.006, Health and Safety Code, effective on or after January 1, 2000, in the period beginning on July 1 of the year preceding the tax year for which the tax is adopted and ending on June 30 of the tax year for which the tax is adopted, less the amount of state assistance received by the taxing unit in accordance with Chapter 61, Health and Safety Code, that is attributable to those costs.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§§ 26.0442-26.0443

S.B. 2

SECTION 43. Chapter 26, Tax Code, is amended by **adding Sections 26.0442 and 26.0443** to read as follows:

Sec. 26.0442. TAX RATE ADJUSTMENT FOR COUNTY INDIGENT DEFENSE COMPENSATION EXPENDITURES.

(a) In this section, "indigent defense compensation expenditures" for a tax year means the amount paid by a county to provide appointed counsel for indigent individuals in criminal or civil proceedings in accordance with the schedule of fees adopted under Article 26.05, Code of Criminal Procedure, in the period beginning on July 1 of the tax year preceding the tax year for which the tax is adopted and ending on June 30 of the tax year for which the tax is adopted, less the amount of any state grants received by the county during that period for the same purpose.

(b) If a county's indigent defense compensation expenditures exceed the amount of those expenditures for the preceding tax year, the no-new-revenue maintenance and operations rate for the county is increased by the lesser of the rates computed according to the following formulas:

(Current Tax Year's Indigent Defense Compensation Expenditures - Preceding Tax Year's Indigent Defense Compensation Expenditures) / (Current Total Value - New Property Value)

or

(Preceding Tax Year's Indigent Defense Compensation Expenditures x 0.05) / (Current Total Value - New Property Value)

(c) The county shall include a notice of the increase in the no-new-revenue maintenance and operations rate provided by this section, including a description and the amount of indigent defense compensation expenditures, in the information published under Section 26.04(e) and, as applicable, in the notice prescribed by Section 26.06 or 26.061.

Sec. 26.0443. TAX RATE ADJUSTMENT FOR ELIGIBLE COUNTY HOSPITAL EXPENDITURES.

(a) In this section:

(1) "Eligible county hospital" means a hospital that:

(A) is:

(i) owned or leased by a county and operated in accordance with Chapter 263, Health and Safety Code; or

(ii) owned or leased jointly by a municipality and a county and operated in accordance with Chapter 265, Health and Safety Code; and

(B) is located in an area not served by a hospital district created under Sections 4 through 11, Article IX, Texas Constitution.

(2) "Eligible county hospital expenditures" for a tax year means the amount paid by a county or municipality in the period beginning on July 1 of the tax year preceding the tax year for which the tax is

adopted and ending on June 30 of the tax year for which the tax is adopted to maintain and operate an eligible county hospital.

(b) If a county's or municipality's eligible county hospital expenditures exceed the amount of those expenditures for the preceding tax year, the no-new-revenue maintenance and operations rate for the county or municipality, as applicable, is increased by the lesser of the rates computed according to the following formulas:

(Current Tax Year's Eligible County Hospital Expenditures - Preceding Tax Year's Eligible County Hospital Expenditures) / (Current Total Value - New Property Value)

or

(Preceding Tax Year's Eligible County Hospital Expenditures x 0.08) / (Current Total Value - New Property Value)

(c) The county or municipality shall include a notice of the increase in the no-new-revenue maintenance and operations rate provided by this section, including a description and amount of eligible county hospital expenditures, in the information published under Section 26.04(e) and, as applicable, in the notice prescribed by Section 26.06 or 26.061.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 26.045

S.B. 2

SECTION 44. **The heading** to Section 26.045, Tax Code, **is amended** to read as follows:

Sec. 26.045. VOTER-APPROVAL TAX RATE ~~[ROLLBACK]~~ RELIEF FOR POLLUTION CONTROL REQUIREMENTS.

SECTION 45. Sections 26.045**(a), (c), and (i), Tax Code, are amended** to read as follows:

(a) The **voter-approval** ~~[rollback]~~ tax rate for a political subdivision of this state is increased by the rate that, if applied to the ~~[total]~~ current **total** value, would impose an amount of taxes equal to the amount the political subdivision will spend out of its maintenance and operation funds under Section 26.012(16) to pay for a facility, device, or method for the control of air, water, or land pollution that is necessary to meet the requirements of a permit issued by the Texas Commission on Environmental Quality.

(b) In this section, "facility, device, or method for control of air, water, or land pollution" means any land, structure, building, installation, excavation, machinery, equipment, or device, and any attachment or addition to or reconstruction, replacement, or improvement of that property, that is used, constructed, acquired, or installed wholly or partly to meet or exceed rules or regulations adopted by any environmental protection agency of the United States or this state for the prevention, monitoring, control, or reduction of air, water, or land pollution.

(c) To receive an adjustment to the **voter-approval** ~~[rollback]~~ tax rate under this section, a political subdivision shall present information to the executive director of the Texas Commission on Environmental Quality in a permit application or in a request for any exemption from a permit that would otherwise be required detailing:

(1) the anticipated environmental benefits from the installation of the facility, device, or method for the control of air, water, or land pollution;

(2) the estimated cost of the pollution control facility, device, or method; and

(3) the purpose of the installation of the facility, device, or method, and the proportion of the installation that is pollution control property.

(d) Following submission of the information required by Subsection (c), the executive director of the Texas Commission on Environmental Quality shall determine whether the facility, device, or method is used wholly or partly as a facility, device, or method for the control of air, water, or land pollution. If the executive director determines that the facility, device, or method is used wholly or partly to control pollution, the director shall issue a letter to the political subdivision stating that determination and the portion of the cost of the installation that is pollution control property.

(e) The Texas Commission on Environmental Quality may charge a political subdivision seeking a determination that property is pollution control property an additional fee not to exceed its administrative costs for processing the information, making the determination, and issuing the letter required by this section. The commission may adopt rules to implement this section.

(f) The Texas Commission on Environmental Quality shall adopt rules establishing a nonexclusive list of facilities, devices, or methods for the control of air, water, or land pollution, which must include:

(1) coal cleaning or refining facilities;

(2) atmospheric or pressurized and bubbling or circulating fluidized bed combustion systems and gasification fluidized bed combustion combined cycle systems;

(3) ultra-supercritical pulverized coal boilers;

(4) flue gas recirculation components;

(5) syngas purification systems and gas-cleanup units;

(6) enhanced heat recovery systems;

(7) exhaust heat recovery boilers;

(8) heat recovery steam generators;

(9) superheaters and evaporators;

(10) enhanced steam turbine systems;

(11) methanation;

(12) coal combustion or gasification byproduct and coproduct handling, storage, or treatment facilities;

(13) biomass cofiring storage, distribution, and firing systems;

(14) coal cleaning or drying processes such as coal drying/moisture reduction, air jigging, precombustion decarbonization, and coal flow balancing technology;

(15) oxy-fuel combustion technology, amine or chilled ammonia scrubbing, fuel or emission conversion through the use of catalysts, enhanced scrubbing technology, modified combustion technology such as chemical looping, and cryogenic technology;

(16) if the United States Environmental Protection Agency adopts a final rule or regulation regulating carbon dioxide as a pollutant, property that is used, constructed, acquired, or installed wholly or partly to capture carbon dioxide from an anthropogenic source in this state that is geologically sequestered in this state;

(17) fuel cells generating electricity using hydrogen derived from coal, biomass, petroleum coke, or solid waste; and

(18) any other equipment designed to prevent, capture, abate, or monitor nitrogen oxides, volatile organic compounds, particulate matter, mercury, carbon monoxide, or any criteria pollutant.

(g) The Texas Commission on Environmental Quality by rule shall update the list adopted under Subsection (f) at least once every three years. An item may be removed from the list if the commission finds compelling evidence to support the conclusion that the item does not render pollution control benefits.

(h) Notwithstanding the other provisions of this section, if the facility, device, or method for the control of air, water, or land pollution described in a permit application or in a request for any exemption from a permit that would otherwise be required is a facility, device, or method included on the list adopted under Subsection (f), the executive director of the Texas Commission on Environmental Quality, not later than the 30th day after the date of receipt of the information required by Subsections (c)(2) and (3) and without regard to whether the information required by Subsection (c)(1) has been submitted, shall determine that the facility, device, or method described in the permit application or in the request

for an exemption from a permit that would otherwise be required is used wholly or partly as a facility, device, or method for the control of air, water, or land pollution and shall take the action that is required by Subsection (d) in the event such a determination is made.

(i) A political subdivision of the state seeking an adjustment in its **voter-approval** ~~[rollback]~~ tax rate under this section shall provide to its tax assessor a copy of the letter issued by the executive director of the Texas Commission on Environmental Quality under Subsection (d). The tax assessor shall accept the copy of the letter from the executive director as conclusive evidence that the facility, device, or method is used wholly or partly as pollution control property and shall adjust the **voter-approval** ~~[rollback]~~ tax rate for the political subdivision as provided for by Subsection (a).

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 26.05

S.B. 2

SECTION 46. Section 26.05, Tax Code, is amended by **amending Subsections (a), (b), (c), (d), (e), and (g)** and **adding Subsections (d-1), (d-2), and (e-1)** to read as follows:

§ 26.05. Tax Rate

(a) The governing body of each taxing unit, [before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit], shall adopt a tax rate for the current tax year and shall notify the assessor for the **taxing** unit of the rate adopted. **The governing body must adopt a tax rate before the later of September 30 or the 60th day after the date the certified appraisal roll is received by the taxing unit, except that the governing body**

must adopt a tax rate that exceeds the voter-approval tax rate not later than the 71st day before the next uniform election date prescribed by Section 41.001, Election Code, that occurs in November of that year. The tax rate consists of two components, each of which must be approved separately. The components are:

(1) for a taxing unit other than a school district, the rate that, if applied to the total taxable value, will impose the total amount **described be** [published under] Section 26.04(e)(3)(C), less any amount of additional sales and use tax revenue that will be used to pay debt service, or, for a school district, the rate calculated under Section 44.004(c)(5)(A)(ii)(b), Education Code; and

(2) the rate that, if applied to the total taxable value, will impose the amount of taxes needed to fund maintenance and operation expenditures of the **taxing** unit for the next year.

(b) A taxing unit may not impose property taxes in any year until the governing body has adopted a tax rate for that year, and the annual tax rate must be set by ordinance, resolution, or order, depending on the method prescribed by law for adoption of a law by the governing body. The vote on the ordinance, resolution, or order setting the tax rate must be separate from the vote adopting the budget. For a taxing unit other than a school district, the vote on the ordinance, resolution, or order setting a tax rate that exceeds the **no-new-revenue** ~~[effective]~~ tax rate must be a record vote, and at least 60 percent of the members of the governing body must vote in favor of the ordinance, resolution, or order. For a school district, the vote on the ordinance, resolution, or order setting a tax rate that exceeds the sum of the **no-new-revenue** ~~[effective]~~ maintenance and operations tax rate of the district as determined under Section 26.08(i) and the district's current debt rate must be a record vote, and at least 60 percent of the members of the governing body must vote in favor of the ordinance, resolution, or order. A motion to adopt an ordinance, resolution, or order setting a tax rate that exceeds the **no-new-revenue** ~~[effective]~~ tax rate must be made in the following form: "I move that the property tax rate be increased by the adoption of a tax rate of (specify tax rate), which is effectively a (insert percentage by which the proposed tax rate exceeds the **no-new-revenue** ~~[effective]~~ tax rate) percent increase in the tax rate." If the ordinance, resolution, or order sets a tax rate that, if applied to the total taxable value, will impose an amount of taxes to fund maintenance and operation

expenditures of the taxing unit that exceeds the amount of taxes imposed for that purpose in the preceding year, the taxing unit must:

(1) include in the ordinance, resolution, or order in type larger than the type used in any other portion of the document:

(A) the following statement: "THIS TAX RATE WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE."; and

(B) if the tax rate exceeds the **no-new-revenue** ~~[effective]~~ maintenance and operations rate, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE **NO-NEW-REVENUE** ~~[EFFECTIVE]~~ MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A $100,000 HOME BY APPROXIMATELY $(Insert amount)."; and

(2) include on the home page of **the** ~~[any]~~ Internet website **of** ~~[operated by]~~ the **taxing** unit:

(A) the following statement: "(Insert name of **taxing** unit) ADOPTED A TAX RATE THAT WILL RAISE MORE TAXES FOR MAINTENANCE AND OPERATIONS THAN LAST YEAR'S TAX RATE"; and

(B) if the tax rate exceeds the **no-new-revenue** ~~[effective]~~ maintenance and operations rate, the following statement: "THE TAX RATE WILL EFFECTIVELY BE RAISED BY (INSERT PERCENTAGE BY WHICH THE TAX RATE EXCEEDS THE **NO-NEW-REVENUE** ~~[EFFECTIVE]~~ MAINTENANCE AND OPERATIONS RATE) PERCENT AND WILL RAISE TAXES FOR MAINTENANCE AND OPERATIONS ON A $100,000 HOME BY APPROXIMATELY $(Insert amount)."

(c) If the governing body of a taxing unit does not adopt a tax rate before the date required by Subsection (a), the tax rate for the taxing unit for that tax year is the lower of the **no-new-revenue** ~~[effective]~~ tax rate calculated for that tax year or the tax rate adopted by the taxing unit for the preceding tax year. A tax rate established by this subsection is treated as an adopted tax rate. Before the fifth day after the

establishment of a tax rate by this subsection, the governing body of the taxing unit must ratify the applicable tax rate in the manner required by Subsection (b).

(d) The governing body of a taxing unit other than a school district may not adopt a tax rate that exceeds the lower of the **voter approval** ~~[rollback]~~ tax rate or the **no-new-revenue** ~~[effective]~~ tax rate calculated as provided by this chapter until the governing body has held **a public hearing** ~~[two public hearings]~~ on the proposed tax rate and has otherwise complied with Section 26.06 and Section 26.065. The governing body of a taxing unit shall reduce a tax rate set by law or by vote of the electorate to the lower of the **voter-approval** ~~[rollback]~~ tax rate or the **no-new-revenue** ~~[effective]~~ tax rate and may not adopt a higher rate unless it first complies with Section 26.06.

(d-1) The governing body of a taxing unit other than a school district may not hold a public hearing on a proposed tax rate or a public meeting to adopt a tax rate until the fifth day after the date the chief appraiser of each appraisal district in which the taxing unit participates has:

(1) delivered the notice required by Section 26.04(e-2); and

(2) complied with Section 26.17(f).

(d-2) Notwithstanding Subsection (a), the governing body of a taxing unit other than a school district may not adopt a tax rate until the chief appraiser of each appraisal district in which the taxing unit participates has complied with Subsection (d-1).

(e) A person who owns taxable property is entitled to an injunction restraining the collection of taxes by a taxing unit in which the property is taxable if the taxing unit has not complied with the requirements of this section **or Section 26.04** ~~[and the failure to comply was not in good faith]~~. **It is a defense in an action for an injunction under this subsection that the failure to comply was in good faith.** An action to enjoin the collection of taxes must be filed **not later than the 15th day after the date the taxing unit adopts a tax rate. A property owner is not required to pay the taxes imposed by a taxing unit on the owner's property while an action filed by the property owner to enjoin the collection of taxes imposed by the taxing unit on the owner's property is pending. If the property owner pays the taxes and subsequently prevails in the action, the property owner is entitled to a refund of the taxes paid, together with reasonable attorney's fees and court costs. The property owner is not**

required to apply to the collector for the taxing unit to receive the refund ~~[prior to the date a taxing unit delivers substantially all of its tax bills]~~.

(e-1) The governing body of a taxing unit that imposes an additional sales and use tax may not adopt the component of the tax rate of the taxing unit described by Subsection (a)(1) of this section until the chief financial officer or the auditor for the taxing unit submits to the governing body of the taxing unit a written certification that the amount of additional sales and use tax revenue that will be used to pay debt service has been deducted from the total amount described by Section 26.04(e)(3)(C) as required by Subsection (a)(1) of this section. The comptroller shall prescribe the form of the certification required by this subsection and the manner in which it is required to be submitted.

(f) Except as required by the law under which an obligation was created, the governing body may not apply any tax revenues generated by the rate described in Subsection (a)(1) of this section for any purpose other than the retirement of debt.

(g) Notwithstanding Subsection (a), the governing body of a school district that elects to adopt a tax rate before the adoption of a budget for the fiscal year that begins in the current tax year may adopt a tax rate for the current tax year before receipt of the certified appraisal roll for the school district if the chief appraiser of the appraisal district in which the school district participates has certified to the assessor for the school district an estimate of the taxable value of property in the school district as provided by Section 26.01(e). If a school district adopts a tax rate under this subsection, the **no-new-revenue** ~~[effective]~~ tax rate and the **voter-approval** ~~[rollback]~~ tax rate of the district shall be calculated based on the certified estimate of taxable value.

Effective: January 1, 2020 except as follows: January 1, 2021 for § 26.05(e).

SECTION 105 (a) An appraisal district established in a county with a population of 200,000 or more and each taxing unit located wholly or primarily in such an appraisal district shall comply with Sections 26.04(e-2), 26.05(d-1) and (d-2), 26.17, and 26.18, Tax Code, as added by this Act, beginning with the 2020 tax year.

(b) An appraisal district established in a county with a population of less than 200,000 and each taxing unit located wholly or primarily in such an appraisal

district shall comply with Sections 26.04(e-2), 26.05(d-1) and (d-2), 26.17, and 26.18, Tax Code, as added by this Act, beginning with the 2021 tax year." Section 105.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 26.052

S.B. 2

SECTION 47. Section 26.052, Tax Code, is amended by **amending Subsection (e)** and **adding Subsection (f)** to read as follows:

§ 26.052. Simplified Tax Rate Notice for Taxing Units with Low Tax Levies

(a) This section applies only to a taxing unit for which the total tax rate proposed for the current tax year:

(1) is 50 cents or less per $100 of taxable value; and

(2) would impose taxes of $500,000 or less when applied to the current total value for the taxing unit.

(b) A taxing unit to which this section applies is exempt from the notice and publication requirements of Section 26.04(e) and is not subject to an injunction under Section 26.04(g) for failure to comply with those requirements.

(c) A taxing unit to which this section applies may provide public notice of its proposed tax rate in either of the following methods not later than the seventh day before the date on which the tax rate is adopted:

(1) mailing a notice of the proposed tax rate to each owner of taxable property in the taxing unit; or

(2) publishing notice of the proposed tax rate in the legal notices section of a newspaper having general circulation in the taxing unit.

(d) A taxing unit that provides public notice of a proposed tax rate under Subsection (c) is exempt from Sections 26.05(d) and 26.06 and is not subject to an injunction under Section 26.05(e) for failure to comply with Section 26.05(d). A taxing unit that provides public notice of a proposed tax rate under Subsection (c) may not adopt a tax rate that exceeds the rate set out in the notice unless the taxing unit provides additional public notice under Subsection (c) of the higher rate or complies with Sections 26.05(d) and 26.06, as applicable, in adopting the higher rate.

(e) Public notice provided under Subsection (c) must specify:

(1) the tax rate that the governing body proposes to adopt;

(2) the date, time, and location of the meeting of the governing body of the taxing unit at which the governing body will consider adopting the proposed tax rate; and

(3) if the proposed tax rate for the taxing unit exceeds the **taxing** unit's **no-new-revenue** ~~[effective]~~ tax rate calculated as provided by Section 26.04, a statement substantially identical to the following: "The proposed tax rate would increase total taxes in (name of taxing unit) by (percentage by which the proposed tax rate exceeds the **no-new-revenue** ~~[effective]~~ tax rate)."

(f) A taxing unit to which this section applies that elects to provide public notice of its proposed tax rate under Subsection (c)(2) must also provide public notice of its proposed tax rate by posting notice of the proposed tax rate, including the information prescribed by Subsection (e), prominently on the home page of the Internet website of the taxing unit.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 26.06

S.B. 2

SECTION 48. Section 26.06, Tax Code, is amended by **amending Subsections (a), (b), (c), (d), and (e)** and **adding Subsections (b-1), (b-2), (b-3), and (b-4)** to read as follows:

§ 26.06 Notice, Hearing, and Vote on Tax Increase

(a) A public hearing required by Section 26.05 may not be held before the **fifth** ~~[seventh]~~ day after the date the notice of the public hearing is given. The [second hearing may not be held earlier than the third day after the date of the first hearing. Each] hearing must be on a weekday that is not a public holiday. **The** ~~[Each]~~ hearing must be held inside the boundaries of the unit in a publicly owned building or, if a suitable publicly owned building is not available, in a suitable building to which the public normally has access. At the **hearing** ~~[hearings]~~, the governing body must afford adequate opportunity for proponents and opponents of the tax increase to present their views.

(b) The notice of a public hearing may not be smaller than one-quarter page of a standard-size or a tabloid-size newspaper, and the headline on the notice must be in 24-point or larger type. ~~[The notice must contain a statement in the following form:~~

~~["NOTICE OF PUBLIC HEARING ON TAX INCREASE~~

~~["The (name of the taxing unit) will hold two public hearings on a proposal to increase total tax revenues from properties on the tax roll in the preceding tax year by (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax rate calculated under this chapter) percent. Your individual taxes may increase at a greater or lesser rate, or even decrease, depending on the change in the taxable value of your property in relation to the change in taxable value of all other property and the tax rate that is adopted.~~

~~["The first public hearing will be held on (date and time) at (meeting place).~~

~~["The second public hearing will be held on (date and time) at (meeting place).~~

~~["(Names of all members of the governing body, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating the absences.)~~

~~["The average taxable value of a residence homestead in (name of taxing unit) last year was $____ (average taxable value of a residence homestead in the taxing unit for the preceding tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older). Based on last year's tax rate of $____ (preceding year's adopted tax rate) per $100 of taxable value, the amount of taxes imposed last year on the average home was $____ (tax on average taxable value of a residence homestead in the taxing unit for the preceding tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).~~

~~["The average taxable value of a residence homestead in (name of taxing unit) this year is $____ (average taxable value of a residence homestead in the taxing unit for the current tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older). If the governing body adopts the effective tax rate for this year of $____ (effective tax rate) per $100 of taxable value, the amount of taxes imposed this year on the average home would be $____ (tax on average taxable value of a residence homestead in the taxing unit for the current tax year, disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).~~

~~["If the governing body adopts the proposed tax rate of $____ (proposed tax rate) per $100 of taxable value, the amount of taxes imposed this year on the average home would be $____ (tax on the average taxable value of a residence in the taxing unit for the current year disregarding residence homestead exemptions available only to disabled persons or persons 65 years of age or older).~~

~~["Members of the public are encouraged to attend the hearings and express their views."]~~

(b-1) If the proposed tax rate exceeds the no-new-revenue tax rate and the voter-approval tax rate of the taxing unit, the notice must contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX INCREASE

"PROPOSED TAX RATE $_____ per $100

"NO-NEW-REVENUE TAX RATE $_____ per $100

"VOTER-APPROVAL TAX RATE $_____ per $100

"The no-new-revenue tax rate is the tax rate for the (current tax year) tax year that will raise the same amount of property tax revenue for (name of taxing unit) from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.

"The voter-approval tax rate is the highest tax rate that (name of taxing unit) may adopt without holding an election to seek voter approval of the rate.

"The proposed tax rate is greater than the no-new-revenue tax rate. This means that (name of taxing unit) is proposing to increase property taxes for the (current tax year) tax year.

"A public hearing on the proposed tax rate will be held on (date and time) at (meeting place).

"The proposed tax rate is also greater than the voter-approval tax rate. If (name of taxing unit) adopts the proposed tax rate, (name of taxing unit) is required to hold an election so that the voters may accept or reject the proposed tax rate. If a majority of the voters reject the proposed tax rate, the tax rate of the (name of taxing unit) will be the voter-approval tax rate. The election will be held on (date of election). You may contact the (name of office responsible for administering the election) for information about voting locations. The hours of voting on election day are (voting hours).

"Your taxes owed under any of the tax rates mentioned above can be calculated as follows:

"Property tax amount = tax rate x taxable value of your property / 100

"(Names of all members of the governing body, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating the absences.)

"The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state."

(b-2) If the proposed tax rate exceeds the no-new-revenue tax rate but does not exceed the voter-approval tax rate of the taxing unit, the notice must contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX INCREASE

"PROPOSED TAX RATE $_____ per $100

"NO-NEW-REVENUE TAX RATE $_____ per $100

"VOTER-APPROVAL TAX RATE $_____ per $100

"The no-new-revenue tax rate is the tax rate for the (current tax year) tax year that will raise the same amount of property tax revenue for (name of taxing unit) from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.

"The voter-approval tax rate is the highest tax rate that (name of taxing unit) may adopt without holding an election to seek voter approval of the rate.

"The proposed tax rate is greater than the no-new-revenue tax rate. This means that (name of taxing unit) is proposing to increase property taxes for the (current tax year) tax year.

"A public hearing on the proposed tax rate will be held on (date and time) at (meeting place).

"The proposed tax rate is not greater than the voter-approval tax rate. As a result, (name of taxing unit) is not required to hold an election at which voters may accept or reject the proposed tax rate. However, you may express your support for or opposition to the proposed tax rate by contacting the members of the (name of governing body) of (name of taxing unit) at their offices or by attending the public hearing mentioned above.

"Your taxes owed under any of the tax rates mentioned above can be calculated as follows:

"Property tax amount = tax rate x taxable value of your property / 100

"(Names of all members of the governing body, showing how each voted on the proposal to consider the tax increase or, if one or more were absent, indicating the absences.)

"The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state."

(b-3) If the proposed tax rate does not exceed the no-new-revenue tax rate but exceeds the voter-approval tax rate of the taxing unit, the notice must contain a statement in the following form:

"NOTICE OF PUBLIC HEARING ON TAX RATE

"PROPOSED TAX RATE $_____ per $100

"NO-NEW-REVENUE TAX RATE $_____ per $100

"VOTER-APPROVAL TAX RATE $_____ per $100

"The no-new-revenue tax rate is the tax rate for the (current tax year) tax year that will raise the same amount of property tax revenue for (name of taxing unit) from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.

"The voter-approval tax rate is the highest tax rate that (name of taxing unit) may adopt without holding an election to seek voter approval of the rate.

"The proposed tax rate is not greater than the no-new-revenue tax rate. This means that (name of taxing unit) is not proposing to increase property taxes for the (current tax year) tax year.

"A public hearing on the proposed tax rate will be held on (date and time) at (meeting place).

"The proposed tax rate is greater than the voter-approval tax rate. If (name of taxing unit) adopts the proposed tax rate, (name of taxing unit) is required to hold an election so that the voters may accept or reject the proposed tax rate. If a majority of the voters reject the proposed tax rate, the tax rate of the (name of taxing unit) will be the voter-approval tax rate. The election will be held on (date of election). You may contact the (name of office responsible for administering the election) for information about voting locations. The hours of voting on election day are (voting hours).

"Your taxes owed under any of the tax rates mentioned above can be calculated as follows:

"Property tax amount = tax rate x taxable value of your property / 100

"(Names of all members of the governing body, showing how each voted on the proposal to consider the tax rate or, if one or more were absent, indicating the absences.)

"The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state."

(b-4) In addition to including the information described by Subsection (b-1), (b-2), or (b-3), as applicable, the notice must include the information described by Section 26.062.

(c) The notice of a public hearing under this section may be delivered by mail to each property owner in the **taxing** unit, or may be published in a newspaper. If the notice is published in a newspaper, it may not be in the part of the paper in which legal notices and classified advertisements appear. If the taxing unit **publishes the notice in a newspaper** ~~[operates an Internet website]~~, the **taxing unit must also post the** notice **prominently on the home page of the Internet website of the taxing unit** ~~[must be posted on the website]~~ from the date the notice is first published until the ~~[second]~~ public hearing is concluded.

(d) **The governing body may vote on the proposed tax rate at the public hearing. If the governing body does not vote on the proposed tax rate at the public hearing**, ~~[At the public hearings]~~ the governing body shall announce **at the public hearing** the date, time, and place of the meeting at which it will vote on the proposed tax rate. ~~[After each hearing the governing body shall give notice of the meeting at which it will vote on the proposed tax rate and the notice shall be in the same form as prescribed by Subsections (b) and (c), except that it must state the following:~~

~~["NOTICE OF TAX REVENUE INCREASE~~

~~["The (name of the taxing unit) conducted public hearings on (date of first hearing) and (date of second hearing) on a proposal to increase the total tax revenues of the (name of the taxing unit) from properties on the tax roll in the preceding year by (percentage by which proposed tax rate exceeds lower of rollback tax rate or effective tax rate calculated under this chapter) percent.~~

~~["The total tax revenue proposed to be raised last year at last year's tax rate of (insert tax rate for the preceding year) for each $100 of taxable value was (insert total amount of taxes imposed in the preceding year).~~

~~["The total tax revenue proposed to be raised this year at the proposed tax rate of (insert proposed tax rate) for each $100 of taxable value, excluding tax revenue to be raised from new property added to the tax roll this year, is (insert amount computed by multiplying proposed tax rate by the difference between current total value and new property value).~~

~~["The total tax revenue proposed to be raised this year at the proposed tax rate of (insert proposed tax rate) for each $100 of taxable value, including tax revenue to be raised from new property added to the tax roll this year, is (insert amount computed by multiplying proposed tax rate by current total value).~~

~~["The (governing body of the taxing unit) is scheduled to vote on the tax rate that will result in that tax increase at a public meeting to be held on (date of meeting) at (location of meeting, including mailing address) at (time of meeting).~~

~~["The (governing body of the taxing unit) proposes to use the increase in total tax revenue for the purpose of (description of purpose of increase)."]~~

(e) **A** ~~[The]~~ meeting to vote on the tax increase may not be **held** ~~[earlier than the third day or]~~ later than the **seventh** ~~[14th]~~ day after the date of the ~~[second]~~ public hearing. The meeting must be held inside the boundaries of the taxing unit in a publicly owned building or, if a suitable publicly owned building is not available, in a suitable building to which the public normally has access. ~~[If the governing body does not adopt a tax rate that exceeds the lower of the rollback tax rate or the effective tax rate by the 14th day, it must give a new notice under Subsection (d) before it may adopt a rate that exceeds the lower of the rollback tax rate or the effective tax rate.]~~

(f) Repealed by Acts 2005, 79th Leg., ch. 1368, § 6.

(g) This section does not apply to a school district. A school district shall provide notice of a public hearing on a tax increase as required by Section 44.004, Education Code.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§§ 26.061-26.063

S.B. 2

SECTION 49. Chapter 26, Tax Code, is amended by **adding Sections 26.061, 26.062, and 26.063** to read as follows:

Sec. 26.061. NOTICE OF MEETING TO VOTE ON PROPOSED TAX RATE THAT DOES NOT EXCEED LOWER OF NO-NEW-REVENUE OR VOTER-APPROVAL TAX RATE.

(a) This section applies only to the governing body of a taxing unit other than a school district that proposes to adopt a tax rate that does not exceed the lower of the no-new-revenue tax rate or the voter-approval tax rate calculated as provided by this chapter.

(b) The notice of the meeting at which the governing body of the taxing unit will vote on the proposed tax rate must contain a statement in the following form:

"NOTICE OF MEETING TO VOTE ON TAX RATE

"PROPOSED TAX RATE $_____ per $100

"NO-NEW-REVENUE TAX RATE $_____ per $100

"VOTER-APPROVAL TAX RATE $_____ per $100

"The no-new-revenue tax rate is the tax rate for the (current tax year) tax year that will raise the same amount of property tax revenue for (name of taxing unit) from the same properties in both the (preceding tax year) tax year and the (current tax year) tax year.

"The voter-approval tax rate is the highest tax rate that (name of taxing unit) may adopt without holding an election to seek voter approval of the rate.

"The proposed tax rate is not greater than the no-new-revenue tax rate. This means that (name of taxing unit) is not proposing to increase property taxes for the (current tax year) tax year.

"A public meeting to vote on the proposed tax rate will be held on (date and time) at (meeting place).

"The proposed tax rate is also not greater than the voter-approval tax rate. As a result, (name of taxing unit) is not required to hold an election to seek voter approval of the rate. However, you may express your support for or opposition to the proposed tax rate by contacting the members of the (name of governing body) of (name of taxing unit) at their offices or by attending the public meeting mentioned above.

"Your taxes owed under any of the above rates can be calculated as follows:

"Property tax amount = tax rate x taxable value of your property / 100

"(Names of all members of the governing body, showing how each voted on the proposed tax rate or, if one or more were absent, indicating the absences.)

"The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state."

(c) In addition to including the information described by Subsection (b), the notice must include the information described by Section 26.062.

(d) The notice required under this section must be provided in the manner required under Section 26.06(c).

Sec. 26.062. ADDITIONAL INFORMATION TO BE INCLUDED IN TAX RATE NOTICE.

(a) In addition to the information described by Section 26.06(b-1), (b-2), or (b-3) or 26.061, as applicable, a notice required by that provision must include at the end of the notice:

(1) a statement in the following form:

"The following table compares the taxes imposed on the average residence homestead by (name of taxing unit) last year to the taxes proposed to be imposed on the average residence homestead by (name of taxing unit) this year:";

(2) a table in the form required by this section following the statement described by Subdivision (1); and

(3) a statement in the following form following the table:

(A) if the tax assessor for the taxing unit maintains an Internet website: "For assistance with tax calculations, please contact the tax assessor for (name of taxing unit) at (telephone number) or (e-mail address), or visit (Internet website address) for more information."; or

(B) if the tax assessor for the taxing unit does not maintain an Internet website: "For assistance with tax calculations, please contact the tax assessor for (name of taxing unit) at (telephone number) or (e-mail address)."

(b) The table must contain five rows and four columns.

(c) The first row must appear as follows:

(1) the first column of the first row must be left blank;

(2) the second column of the first row must state the year corresponding to the preceding tax year;

(3) the third column of the first row must state the year corresponding to the current tax year; and

(4) the fourth column of the first row must be entitled "Change".

(d) The second row must appear as follows:

(1) the first column of the second row must be entitled "Total tax rate (per $100 of value)";

(2) the second column of the second row must state the adopted tax rate for the preceding tax year;

(3) the third column of the second row must state the proposed tax rate for the current tax year; and

(4) the fourth column of the second row must state the nominal and percentage difference between the adopted tax rate for the preceding tax year and the proposed tax rate for the current tax year as follows: "(increase or decrease, as applicable) of (nominal difference between tax rate stated in second column of second row and tax rate stated in third column of second row) per $100, or (percentage difference between tax rate stated in second column of second row and tax rate stated in third column of second row)%".

(e) The third row must appear as follows:

(1) the first column of the third row must be entitled "Average homestead taxable value";

(2) the second column of the third row must state the average taxable value of a residence homestead in the taxing unit for the preceding tax year;

(3) the third column of the third row must state the average taxable value of a residence homestead in the taxing unit for the current tax year; and

(4) the fourth column of the third row must state the percentage difference between the average taxable value of a residence homestead in the taxing unit for the preceding tax year and the average taxable value of a residence homestead in the taxing unit for the current tax year as follows: "(increase or decrease, as applicable) of (percentage difference between amount stated in second column of third row and amount stated in third column of third row)%".

(f) The fourth row must appear as follows:

(1) the first column of the fourth row must be entitled "Tax on average homestead";

(2) the second column of the fourth row must state the amount of taxes imposed by the taxing unit in the preceding tax year on a residence homestead with a taxable value equal to the average taxable value of a residence homestead in the taxing unit in the preceding tax year;

(3) the third column of the fourth row must state the amount of taxes that would be imposed by the taxing unit in the current tax year on a residence homestead with a taxable value equal to the average taxable value of a residence homestead in the taxing unit in the current tax year if the taxing unit adopted the proposed tax rate; and

(4) the fourth column of the fourth row must state the nominal and percentage difference between the amount of taxes imposed by the taxing unit in the preceding tax year on a residence homestead with a taxable value equal to the average taxable value of a residence homestead in the taxing unit in the preceding tax year and the amount of taxes that would be imposed by the taxing unit in the current tax year on a residence homestead with a taxable value equal to the average taxable value of a residence homestead in the taxing unit in the current tax year if the taxing unit adopted the proposed tax rate, as follows: "(increase or decrease, as applicable) of (nominal difference between amount stated in second column of fourth row and amount stated in third column of fourth row), or (percentage difference between amount stated in second column of fourth row and amount stated in third column of fourth row)%".

(g) The fifth row must appear as follows:

(1) the first column of the fifth row must be entitled "Total tax levy on all properties";

(2) the second column of the fifth row must state the amount equal to last year's levy;

(3) the third column of the fifth row must state the amount computed by multiplying the proposed tax rate by the current total value and dividing the product by 100; and

(4) the fourth column of the fifth row must state the nominal and percentage difference between the total amount of taxes imposed by the taxing unit in the preceding tax year and the amount that would be imposed by the taxing unit in the current tax year if the taxing unit adopted the proposed tax rate, as follows: "(increase or decrease, as applicable) of (nominal difference between amount stated in second column of fifth row and amount stated in third column of fifth row), or (percentage difference between amount stated in second column of fifth row and amount stated in third column of fifth row)%".

(h) In calculating the average taxable value of a residence homestead in the taxing unit for the preceding tax year and the current tax year for purposes of Subsections (e) and (f), any residence homestead exemption available only to disabled persons, persons 65 years of age or older, or their surviving spouses must be disregarded.

Sec. 26.063. ALTERNATE PROVISIONS FOR TAX RATE NOTICE WHEN DE MINIMIS RATE EXCEEDS VOTER-APPROVAL TAX RATE.

(a) This section applies only to a taxing unit:

(1) that is:

(A) a taxing unit other than a special taxing unit; or

(B) a municipality with a population of less than 30,000, regardless of whether it is a special taxing unit;

(2) that is required to provide notice under Section 26.06(b-1) or (b-3); and

(3) for which the de minimis rate exceeds the voter-approval tax rate.

(b) This subsection applies only to a taxing unit that is required to hold an election under Section 26.07. In the notice required to be provided by the taxing unit under Section 26.06(b-1) or (b-3), as applicable, the taxing unit shall:

(1) add the following to the end of the list of rates included in the notice:

"DE MINIMIS RATE $_____ per $100";

(2) substitute the following for the definition of "voter-approval tax rate": "The voter-approval tax rate is the highest tax rate that (name of taxing unit) may adopt without holding an election to seek voter approval of the rate, unless the de minimis rate for (name of taxing unit) exceeds the voter-approval tax rate for (name of taxing unit).";

(3) add the following definition of "de minimis rate": "The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and operations rate for (name of taxing unit), the rate that will raise $500,000, and the current debt rate for (name of taxing unit)."; and

(4) substitute the following for the provision that provides notice that an election is required: "The proposed tax rate is greater than the voter-approval tax rate and the de minimis rate. If (name of taxing unit) adopts the proposed tax rate, (name of taxing unit) is required to hold an election so that the voters may accept or reject the proposed tax rate. If a majority of the voters reject the proposed tax rate, the tax rate of the (name of taxing unit) will be the voter-approval tax rate of the (name of taxing unit). The election will be held on (date of election). You may contact the (name of office responsible for administering the election) for information about voting locations. The hours of voting on election day are (voting hours).".

(c) This subsection applies only to a taxing unit for which the qualified voters of the taxing unit may petition to hold an election under Section 26.075. In the notice required to be provided by the taxing unit under Section 26.06(b-1) or (b-3), as applicable, the taxing unit shall:

(1) add the following to the end of the list of rates included in the notice:

"DE MINIMIS RATE $_____ per $100";

(2) substitute the following for the definition of "voter-approval tax rate": "The voter-approval tax rate is the highest tax rate that (name of taxing unit) may adopt without holding an election to seek voter approval of the rate, unless the de minimis rate for (name of taxing unit) exceeds the voter-approval tax rate for (name of taxing unit).";

(3) add the following definition of "de minimis rate": "The de minimis rate is the rate equal to the sum of the no-new-revenue maintenance and

operations rate for (name of taxing unit), the rate that will raise $500,000, and the current debt rate for (name of taxing unit)."; and

(4) substitute the following for the provision that provides notice that an election is required: "The proposed tax rate is greater than the voter-approval tax rate but not greater than the de minimis rate. However, the proposed tax rate exceeds the rate that allows voters to petition for an election under Section 26.075, Tax Code. If (name of taxing unit) adopts the proposed tax rate, the qualified voters of the (name of taxing unit) may petition the (name of taxing unit) to require an election to be held to determine whether to reduce the proposed tax rate. If a majority of the voters reject the proposed tax rate, the tax rate of the (name of taxing unit) will be the voter-approval tax rate of the (name of taxing unit)."

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 26.065

S.B. 2

SECTION 50. Section 26.065**(b), Tax Code, is amended** to read as follows:

§ 26.065. Supplemental Notice of Hearing on Tax Rate Increase

(a) In addition to the notice required under Section 26.06, the governing body of a taxing unit required to hold a public hearing by Section 26.05(d) shall give notice of the hearing in the manner provided by this section.

(b) **The** ~~[If the]~~ taxing unit ~~[owns, operates, or controls an Internet website, the unit]~~ shall post notice of the public hearing **prominently** on the **home page of the**

Internet website **of the taxing unit** continuously for at least seven days immediately before the public hearing on the proposed tax rate increase and at least seven days immediately before the date of the vote proposing the increase in the tax rate.

(c) If the taxing unit has free access to a television channel, the taxing unit shall request that the station carry a 60-second notice of the public hearing at least five times a day between the hours of 7 a.m. and 9 p.m. for at least seven days immediately before the public hearing on the proposed tax rate increase and at least seven days immediately before the date of the vote proposing the increase in the tax rate.

(d) The notice of the public hearing required by Subsection (b) must contain a statement that is substantially the same as the statement required by Section 26.06(b).

(e) This section does not apply to a taxing unit if the taxing unit:

(1) is unable to comply with the requirements of this section because of the failure of an electronic or mechanical device, including a computer or server; or

(2) is unable to comply with the requirements of this section due to other circumstances beyond its control.

(f) A person who owns taxable property is not entitled to an injunction restraining the collection of taxes by a taxing unit in which the property is taxable if the taxing unit has, in good faith, attempted to comply with the requirements of this section.

Effective: January 1, 2020

SECTION 107. A taxing unit that does not own, operate, or control an Internet website is not required to comply with Sections 26.05(b)(2) and 26.065(b), Tax Code, as amended by this Act, until the first tax year in which the taxing unit is required by law to maintain or have access to an Internet website.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 26.07

S.B. 2

SECTION 51. Section 26.07, Tax Code, **is amended** to read as follows:

Sec. 26.07. **AUTOMATIC** ELECTION TO **APPROVE TAX RATE OF TAXING UNIT OTHER THAN SCHOOL DISTRICT** ~~[REPEAL INCREASE]~~.

(a) **This section applies to** ~~[If the governing body of]~~ a taxing unit other than a school district.

(b) **If the governing body of a special taxing unit or a municipality with a population of 30,000 or more** adopts a tax rate that exceeds the **taxing unit's voter-approval** [rollback] tax rate [calculated as provided by this chapter], **or the governing body of a taxing unit other than a special taxing unit or a municipality with a population of less than 30,000 regardless of whether it is a special taxing unit adopts a tax rate that exceeds the greater of the taxing unit's voter-approval tax rate or de minimis rate**, the **registered** [qualified] voters of the taxing unit **at an election held for that purpose must determine whether to approve the adopted tax rate. When increased expenditure of money by a taxing unit is necessary to respond to a disaster, including a tornado, hurricane, flood, wildfire, or other calamity, but not including a drought, that has impacted the taxing unit and the governor has declared any part of the area in which the taxing unit is located as a disaster area, an election is not required under this section to approve the tax rate adopted by the governing body for the year following the year in which the disaster occurs** ~~[by petition may require that an election be held to determine whether or not to reduce the tax rate adopted for the current year to the rollback tax rate calculated as provided by this chapter].~~

~~[(b) A petition is valid only if:~~

~~[(1) it states that it is intended to require an election in the taxing unit on the question of reducing the tax rate for the current year;~~

~~[(2) it is signed by a number of registered voters of the taxing unit equal to at least:~~

~~[(A) seven percent of the number of registered voters of the taxing unit according to the most recent list of registered voters if the tax rate adopted for the current tax year would impose taxes for maintenance and operations in an amount of at least $5 million; or~~

~~[(B) 10 percent of the number of registered voters of the taxing unit according to the most recent official list of registered voters if the tax rate adopted for the current tax year would impose taxes for maintenance and operations in an amount of less than $5 million; and~~

~~[(3) it is submitted to the governing body on or before the 90th day after the date on which the governing body adopted the tax rate for the current year.]~~

(c) The governing body ~~[Not later than the 20th day after the day a petition is submitted, the governing body shall determine whether or not the petition is valid and pass a resolution stating its finding. If the governing body fails to act within the time allowed, the petition is treated as if it had been found valid.~~

~~[(d) If the governing body finds that the petition is valid (or fails to act within the time allowed), it]~~ shall order that **the** [an] election be held in the taxing unit on the **uniform election date prescribed by Section 41.001, Election Code, that occurs in November of the applicable tax year. The order calling the election may not be issued later than the 71st day before the date of the election** ~~[a date not less than 30 or more than 90 days after the last day on which it could have acted to approve or disapprove the petition. A state law requiring local elections to be held on a specified date does not apply to the election unless a specified date falls within the time permitted by this section]~~. At the election, the ballots shall be prepared to permit voting for or against the proposition**: "Approving the ad valorem tax rate of $_____ per $100 valuation in (name of taxing unit) for the current year, a rate that is $_____ higher per $100 valuation than the voter-approval tax rate of (name of taxing unit), for the purpose of (description of purpose of increase). Last year, the ad valorem tax rate in (name of taxing unit) was $_____ per $100 valuation** ~~["Reducing the tax rate in (name of taxing unit) for the current year from (the rate adopted) to (the rollback tax rate calculated as provided by this chapter)]."~~ **The ballot proposition must include the adopted tax rate, the difference between the adopted tax rate and the**

voter-approval tax rate, and the taxing unit's tax rate for the preceding tax year in the appropriate places.

(d) ~~[(e)]~~ If a majority of the **votes cast** [qualified voters voting on the question] in the election favor the proposition, the tax rate for the ~~[taxing unit for the]~~ current year is the ~~[rollback tax]~~ rate **that was adopted by the governing body** ~~[calculated as provided by this chapter; otherwise, the tax rate for the current year is the one adopted by the governing body]~~.

(e) If the proposition is not approved as provided by Subsection (d), the taxing unit's tax rate for the current tax year is the taxing unit's voter-approval tax rate.

(f) If**,** ~~[the tax rate is reduced by an election called under this section]~~ after tax bills for the **taxing** unit **have been** ~~[are]~~ mailed, **a proposition to approve the taxing unit's adopted tax rate is not approved by the voters of the taxing unit at an election held under this section**, the assessor for the **taxing** unit shall prepare and mail corrected tax bills. **The assessor** ~~[He]~~ shall include with the bill a brief explanation of the reason for and effect of the corrected bill. ~~[The date on which the taxes become delinquent for the year is extended by a number of days equal to the number of days between the date the first tax bills were sent and the date the corrected tax bills were sent.]~~

(g) If a property owner pays taxes calculated using the **originally adopted** ~~[higher]~~ tax rate **of the taxing unit and the proposition to approve the adopted tax rate is not approved by voters** ~~[when the rate is reduced by an election called under this section],~~ the taxing unit shall refund the difference between the amount of taxes paid and the amount due under the **voter-approval tax** ~~[reduced]~~ rate if the difference between the amount of taxes paid and the amount due under the **voter-approval tax** ~~[reduced]~~ rate is $1 or more. If the difference between the amount of taxes paid and the amount due under the **voter-approval tax** ~~[reduced]~~ rate is less than $1, the taxing unit shall refund the difference on request of the taxpayer. An application for a refund of less than $1 must be made within 90 days after the date the refund becomes due or the taxpayer forfeits the right to the refund.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§26.075

S.B. 2

SECTION 52. Chapter 26, Tax Code, is amended by **adding Section 26.075** to read as follows:

Sec. 26.075. PETITION ELECTION TO REDUCE TAX RATE OF TAXING UNIT OTHER THAN SCHOOL DISTRICT.

(a) This section applies only to a taxing unit other than:

(1) a special taxing unit;

(2) a school district; or

(3) a municipality with a population of 30,000 or more.

(b) This section applies to a taxing unit only in a tax year in which the taxing unit's:

(1) de minimis rate exceeds the taxing unit's voter-approval tax rate; and

(2) adopted tax rate is:

(A) equal to or lower than the taxing unit's de minimis rate; and

(B) greater than the greater of the taxing unit's:

(i) voter-approval tax rate calculated as if the taxing unit were a special taxing unit; or

(ii) voter-approval tax rate.

(c) The qualified voters of a taxing unit by petition may require that an election be held to determine whether to reduce the tax rate adopted by the governing body of the taxing unit for the current tax year to the voter-approval tax rate.

(d) A petition is valid only if the petition:

(1) states that it is intended to require an election in the taxing unit on the question of reducing the taxing unit's adopted tax rate for the current tax year;

(2) is signed by a number of registered voters of the taxing unit equal to at least three percent of the registered voters of the taxing unit determined according to the most recent list of those voters; and

(3) is submitted to the governing body of the taxing unit not later than the 90th day after the date on which the governing body adopts the tax rate for the current tax year.

(e) Not later than the 20th day after the date on which a petition is submitted, the governing body shall determine whether the petition is valid and must by resolution state the governing body's determination. If the governing body fails to make the determination in the time and manner required by this subsection, the petition is considered to be valid for the purposes of this section.

(f) If the governing body determines that the petition is valid or fails to make the determination in the time and manner required by Subsection (e), the governing body shall order that an election be held in the taxing unit on the next uniform election date that allows sufficient time to comply with the requirements of other law.

(g) At the election, the ballots shall be prepared to permit voting for or against the proposition: "Reducing the tax rate in (name of taxing unit) for the current year from (insert tax rate adopted for current year) to (insert voter-approval tax rate)."

(h) If a majority of the votes cast in the election favor the proposition, the tax rate for the current tax year is the voter-approval tax rate.

(i) If the proposition is not approved as provided by Subsection (h), the tax rate for the taxing unit for the current tax year is the tax rate adopted by the governing body of the taxing unit for the current tax year.

(j) If the tax rate is reduced by an election held under this section after tax bills for the taxing unit have been mailed, the assessor for the taxing unit shall prepare and mail corrected tax bills. The assessor shall include with the bill a brief explanation of the reason for and effect of the corrected bill. The date on which the taxes become delinquent for the tax year is extended by a number of days equal to the number of days between the date the first tax bills were sent and the date the corrected tax bills were sent.

(k) If a property owner pays taxes calculated using the higher tax rate when the tax rate is reduced by an election held under this section, the taxing unit shall refund the difference between the amount of taxes paid and the amount due under the reduced tax rate if the difference between the amount of taxes paid and the amount due under the reduced tax rate is $1 or more. If the difference between the amount of taxes paid and the amount due under the reduced rate is less than $1, the taxing unit shall refund the difference on request of the taxpayer. An application for a refund of less than $1 must be made within 90 days after the date the refund becomes due or the taxpayer forfeits the right to the refund.

(l) Except as otherwise expressly provided by law, this section does not apply to a tax imposed by a taxing unit if a provision of an uncodified local or special law enacted by the 86th Legislature, Regular Session, 2019, or by an earlier legislature provides that Section 26.07 does not apply to a tax imposed by the taxing unit.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 26.08

S.B. 2

SECTION 53. **The heading** to Section 26.08, Tax Code, **is amended** to read as follows:

Sec. 26.08. **AUTOMATIC** ELECTION TO **APPROVE TAX RATE OF** ~~[RATIFY]~~ SCHOOL **DISTRICT** ~~[TAXES]~~.

SECTION 54. Section 26.08**(a), Tax Code, is amended** to read as follows:

(a) If the governing body of a school district adopts a tax rate that exceeds the district's rollback tax rate, the registered voters of the district at an election held for that purpose must determine whether to approve the adopted tax rate. When increased expenditure of money by a school district is necessary to respond to a disaster, including a tornado, hurricane, flood, **wildfire,** or other calamity, but not including a drought, that has impacted a school district and the governor has requested federal disaster assistance for the area in which the school district is located, an election is not required under this section to approve the tax rate adopted by the governing body for the year following the year in which the disaster occurs.

(b) The governing body shall order that the election be held in the school district on a date not less than 30 or more than 90 days after the day on which it adopted the tax rate. Section 41.001, Election Code, does not apply to the election unless a date specified by that section falls within the time permitted by this section. At the election, the ballots shall be prepared to permit voting for or against the proposition: "Approving the ad valorem tax rate of $_____ per $100 valuation in (name of school district) for the current year, a rate that is $_____ higher per $100 valuation than the school district rollback tax rate, for the purpose of (description of purpose of increase)." The ballot proposition must include the adopted tax rate

and the difference between that rate and the rollback tax rate in the appropriate places.

(c) If a majority of the votes cast in the election favor the proposition, the tax rate for the current year is the rate that was adopted by the governing body.

(d) If the proposition is not approved as provided by Subsection (c), the governing body may not adopt a tax rate for the school district for the current year that exceeds the school district's rollback tax rate.

(d-1) If, after tax bills for the school district have been mailed, a proposition to approve the school district's adopted tax rate is not approved by the voters of the district at an election held under this section, on subsequent adoption of a new tax rate by the governing body of the district, the assessor for the school shall prepare and mail corrected tax bills. The assessor shall include with each bill a brief explanation of the reason for and effect of the corrected bill. The date on which the taxes become delinquent for the year is extended by a number of days equal to the number of days between the date the first tax bills were sent and the date the corrected tax bills were sent.

(d-2) If a property owner pays taxes calculated using the originally adopted tax rate of the school district and the proposition to approve the adopted tax rate is not approved by voters, the school district shall refund the difference between the amount of taxes paid and the amount due under the subsequently adopted rate if the difference between the amount of taxes paid and the amount due under the subsequent rate is $1 or more. If the difference between the amount of taxes paid and the amount due under the subsequent rate is less than $1, the school district shall refund the difference on request of the taxpayer. An application for a refund of less than $1 must be made within 90 days after the date the refund becomes due or the taxpayer forfeits the right to the refund.

(e) For purposes of this section, local tax funds dedicated to a junior college district under Section 45.105(e), Education Code, shall be eliminated from the calculation of the tax rate adopted by the governing body of the school district. However, the funds dedicated to the junior college district are subject to Section 26.085.

(f) Repealed by Acts 1999, 76th Leg., ch. 396, § 3.01(c), eff. Sept. 1, 1999.

(g) In a school district that received distributions from an equalization tax imposed under former Chapter 18, Education Code, the effective rate of that tax as of the date of the county unit system's abolition is added to the district's rollback tax rate.

(h) For purposes of this section, increases in taxable values and tax levies occurring within a reinvestment zone under Chapter 311 (Tax Increment Financing Act), in which the district is a participant, shall be eliminated from the calculation of the tax rate adopted by the governing body of the school district.

(i) For purposes of this section, the effective maintenance and operations tax rate of a school district is the tax rate that, applied to the current total value for the district, would impose taxes in an amount that, when added to state funds that would be distributed to the district under Chapter 42, Education Code, for the school year beginning in the current tax year using that tax rate, would provide the same amount of state funds distributed under Chapter 42, Education Code, and maintenance and operations taxes of the district per student in weighted average daily attendance for that school year that would have been available to the district in the preceding year if the funding elements for Chapters 41 and 42, Education Code, for the current year had been in effect for the preceding year.

(i-1) Repealed by Acts 2011, 82nd Leg., 1st C.S., ch. 4 (S.B. 1), § 57.32(b).

(j) Repealed by Acts 2011, 82nd Leg., 1st C.S., ch. 4 (S.B. 1), § 57.32(b).

(k) Expired.

(l) Expired.

(m) Expired.

(n) For purposes of this section, the rollback tax rate of a school district whose maintenance and operations tax rate for the 2005 tax year was $1.50 or less per $100 of taxable value is:

(1) for the 2006 tax year, the sum of the rate that is equal to 88.67 percent of the maintenance and operations tax rate adopted by the district for the 2005 tax year, the rate of $0.04 per $100 of taxable value, and the district's current debt rate; and

(2) for the 2007 and subsequent tax years, the lesser of the following:

(A) the sum of the following:

(i) the rate per $100 of taxable value that is equal to the product of the state compression percentage, as determined under Section 42.2516, Education Code, for the current year and $1.50;

(ii) the rate of $0.04 per $100 of taxable value;

(iii) the rate that is equal to the sum of the differences for the 2006 and each subsequent tax year between the adopted tax rate of the district for that year if the rate was approved at an election under this section and the rollback tax rate of the district for that year; and

(iv) the district's current debt rate; or

(B) the sum of the following:

(i) the effective maintenance and operations tax rate of the district as computed under Subsection (i) or (k), as applicable;

(ii) the rate per $100 of taxable value that is equal to the product of the state compression percentage, as determined under Section 42.2516, Education Code, for the current year and $0.06; and

(iii) the district's current debt rate.

(o) For purposes of this section, the rollback tax rate of a school district whose maintenance and operations tax rate for the 2005 tax year was greater than $1.50 per $100 of taxable value is computed in the manner provided by Subsection (n) except that the maintenance and operations tax rate per $100 of taxable value adopted by the district for the 2005 tax year is substituted for $1.50 in a computation under that subsection.

(p) Notwithstanding Subsections (i), (n), and (o), if for the preceding tax year a school district adopted a maintenance and operations tax rate that was less than the district's effective maintenance and operations tax rate for that preceding tax year, the rollback tax rate of the district for the current tax year is calculated as if the district adopted a maintenance and operations tax rate for the preceding tax year that was equal to the district's effective maintenance and operations tax rate for that preceding tax year.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 26.11

S.B. 2083

SECTION 1. Section 26.11**(a), Tax Code, is amended** to read as follows:

§ 26.11. Prorating Taxes--Acquisition by Government

(a) If the federal government, the state, or a political subdivision of the state acquires the right to possession of taxable property under a court order issued in condemnation proceedings, **takes possession of taxable property under a possession and use agreement or under Section 21.021, Property Code**, or acquires title to taxable property, the amount of the tax due on the property is calculated by multiplying the amount of taxes imposed on the property for the entire year as determined as provided by Section 26.09 of this code by a fraction, the denominator of which is 365 and the numerator of which is the number of days that elapsed prior to the date of the conveyance**, the effective date of the possession and use agreement, the date the entity took possession under Section 21.021, Property Code**, or the date of the order granting the right of possession, **as applicable**.

(b) If the amount of taxes to be imposed on the property for the year of transfer has not been determined at the time of transfer, the assessor for each taxing unit in which the property is taxable may use the taxes imposed on the property for the preceding tax year as the basis for determining the amount of taxes to be imposed for the current tax year.

(c) If the amount of prorated taxes determined to be due as provided by this section is tendered to the collector for the unit, the collector shall accept the tender. The payment absolves:

(1) the transferor of liability for taxes by the unit on the property for the year of the transfer; and

(2) the taxing unit of liability for a refund in connection with taxes on the property for the year of the transfer.

Effective: Immediately

SECTION 2. This Act applies only to a possession and use agreement entered into or an award made under Section 21.021, Property Code, on or after the effective date of this Act. A possession and use agreement entered into or an award made under Section 21.021, Property Code, before the effective date of this Act is governed by the law applicable to the agreement or award immediately before the effective date of this Act, and that law is continued in effect for that purpose.

§ 26.112

S.B. 1856

SECTION 4. Section 26.112**(b), Tax Code, is amended** to read as follows:

§ 26.112. Calculation of Taxes on Residence Homestead of Certain Persons

(a) Except as provided by Section 26.10(b), if at any time during a tax year property is owned by an individual who qualifies for an exemption under Section 11.13(c) or (d), 11.133, or 11.134, the amount of the tax due on the property for the tax year is calculated as if the individual qualified for the exemption on January 1 and continued to qualify for the exemption for the remainder of the tax year.

(b) If an individual qualifies for an exemption under Section 11.13(c) or (d), 11.133, or 11.134 with respect to the property after the amount of the tax due on the property is calculated and the effect of the qualification is to reduce the amount of the tax due on the property, the assessor for each taxing unit shall recalculate the amount of the tax due on the property and correct the tax roll. If the tax bill has been mailed and the tax on the property has not been paid, the assessor shall mail a

corrected tax bill to the person in whose name the property is listed on the tax roll or to the person's authorized agent. If the tax on the property has been paid, the tax collector for the taxing unit shall refund to the person **who was the owner of the property on the date the tax was** paid ~~[the tax]~~ the amount by which the payment exceeded the tax due.

Effective: September 1, 2019

SECTION 7. The change in law made by this Act applies only to a refund made on or after the effective date of this Act. A refund made before the effective date of this Act is governed by the law in effect on the date the refund was made, and the former law is continued in effect for that purpose.

§ 26.1125

S.B. 1856

SECTION 5. Section 26.1125**(b), Tax Code, is amended** to read as follows:

§ 26.1125. Calculation of Taxes on Residence Homestead of 100 Percent or Totally Disabled Veteran

(a) If a person qualifies for an exemption under Section 11.131 after the beginning of a tax year, the amount of the taxes on the residence homestead of the person for the tax year is calculated by multiplying the amount of the taxes that otherwise would be imposed on the residence homestead for the entire year had the person not qualified for the exemption under Section 11.131 by a fraction, the denominator of which is 365 and the numerator of which is the number of days that elapsed before the date the person qualified for the exemption under Section 11.131.

(b) If a person qualifies for an exemption under Section 11.131 with respect to the property after the amount of the tax due on the property is calculated and the effect of the qualification is to reduce the amount of the tax due on the property, the

assessor for each taxing unit shall recalculate the amount of the tax due on the property and correct the tax roll. If the tax bill has been mailed and the tax on the property has not been paid, the assessor shall mail a corrected tax bill to the person in whose name the property is listed on the tax roll or to the person's authorized agent. If the tax on the property has been paid, the tax collector for the taxing unit shall refund to the person who **was the owner of the property on the date the tax was** paid ~~[the tax]~~ the amount by which the payment exceeded the tax due.

Effective: September 1, 2019

SECTION 7. The change in law made by this Act applies only to a refund made on or after the effective date of this Act. A refund made before the effective date of this Act is governed by the law in effect on the date the refund was made, and the former law is continued in effect for that purpose.

§ 26.1127

S.B. 1856

SECTION 6. Section 26.1127**(b), Tax Code, is amended** to read as follows:

§ 26.1127. Calculation of Taxes on Donated Residence Homestead of Disabled Veteran or Surviving Spouse of Disabled Veteran

(a) Except as provided by Section 26.10(b), if at any time during a tax year property is owned by an individual who qualifies for an exemption under Section 11.132, the amount of the tax due on the property for the tax year is calculated as if the individual qualified for the exemption on January 1 and continued to qualify for the exemption for the remainder of the tax year.

(b) If an individual qualifies for an exemption under Section 11.132 with respect to the property after the amount of the tax due on the property is calculated and the effect of the qualification is to reduce the amount of the tax due on the property, the assessor for each taxing unit shall recalculate the amount of the tax due on the

property and correct the tax roll. If the tax bill has been mailed and the tax on the property has not been paid, the assessor shall mail a corrected tax bill to the individual in whose name the property is listed on the tax roll or to the individual's authorized agent. If the tax on the property has been paid, the tax collector for the taxing unit shall refund to the individual who **was the owner of the property on the date the tax was** paid ~~[the tax]~~ the amount by which the payment exceeded the tax due.

Effective: September 1, 2019

SECTION 7. The change in law made by this Act applies only to a refund made on or after the effective date of this Act. . A refund made before the effective date of this Act is governed by the law in effect on the date the refund was made, and the former law is continued in effect for that purpose.

§ 26.16

S.B. 2

SECTION 55. **The heading** to Section 26.16, Tax Code, **is amended** to read as follows:

Sec. 26.16. POSTING OF **TAX-RELATED INFORMATION** ~~[TAX RATES]~~ ON COUNTY'S INTERNET WEBSITE.

SECTION 56. Section 26.16, Tax Code, is amended by **amending Subsections (a) and (d)** and **adding Subsections (a-1), (d-1), and (d-2)** to read as follows:

(a) **Each county shall maintain an internet website.** The county assessor-collector for each county ~~[that maintains an Internet website]~~ shall post on the **internet** website **maintained by** ~~[of]~~ the county the following information for the

most recent five tax years ~~[beginning with the 2012 tax year]~~ for each taxing unit all or part of the territory of which is located in the county:

(1) the adopted tax rate;

(2) the maintenance and operations rate;

(3) the debt rate;

(4) the **no-new-revenue** ~~[effective]~~ tax rate;

(5) the **no-new-revenue** ~~[effective]~~ maintenance and operations rate; and

(6) the **voter-approval** ~~[rollback]~~ tax rate.

(a-1) For purposes of Subsection (a), a reference to the no-new-revenue tax rate or the no-new-revenue maintenance and operations rate includes the equivalent effective tax rate or effective maintenance and operations rate for a preceding year. This subsection expires January 1, 2026.

(b) Each taxing unit all or part of the territory of which is located in the county shall provide the information described by Subsection (a) pertaining to the taxing unit to the county assessor-collector annually following the adoption of a tax rate by the taxing unit for the current tax year. The chief appraiser of the appraisal district established in the county may assist the county assessor-collector in identifying the taxing units required to provide information to the assessor-collector.

(c) The information described by Subsection (a) must be presented in the form of a table under the heading "Truth in Taxation Summary."

(d) The county assessor-collector shall post immediately below the table prescribed by Subsection (c) the following statement:

"The county is providing this table of property tax rate information as a service to the residents of the county. Each individual taxing unit is responsible for calculating the property tax rates listed in this table pertaining to that taxing unit and providing that information to the county.

"The adopted tax rate is the tax rate adopted by the governing body of a taxing unit.

"The maintenance and operations rate is the component of the adopted tax rate of a taxing unit that will impose the amount of taxes needed to fund maintenance and operation expenditures of the **taxing** unit for the following year.

"The debt rate is the component of the adopted tax rate of a taxing unit that will impose the amount of taxes needed to fund the **taxing** unit's debt service for the following year.

"The **no-new-revenue** ~~[effective]~~ tax rate is the tax rate that would generate the same amount of revenue in the current tax year as was generated by a taxing unit's adopted tax rate in the preceding tax year from property that is taxable in both the current tax year and the preceding tax year.

"The **no-new-revenue** ~~[effective]~~ maintenance and operations rate is the tax rate that would generate the same amount of revenue for maintenance and operations in the current tax year as was generated by a taxing unit's maintenance and operations rate in the preceding tax year from property that is taxable in both the current tax year and the preceding tax year.

"The **voter-approval** ~~[rollback]~~ tax rate is the highest tax rate a taxing unit may adopt before requiring voter approval at an election. **An** ~~[In the case of a taxing unit other than a school district, the voters by petition may require that a rollback election be held if the unit adopts a tax rate in excess of the unit's rollback tax rate. In the case of a school district, an]~~ election will automatically be held if **a taxing unit** ~~[the district]~~ wishes to adopt a tax rate in excess of the district's **voter-approval** ~~[rollback]~~ tax rate."

(d-1) In addition to posting the information described by Subsection (a), the county assessor-collector shall post on the Internet website of the county for each taxing unit all or part of the territory of which is located in the county:

(1) the tax rate calculation forms used by the designated officer or employee of each taxing unit to calculate the no-new-revenue and voter-approval tax rates of the taxing unit for the most recent five tax years beginning with the 2020 tax year, as certified by the designated officer or employee under Section 26.04(d-2); and

(2) the name and official contact information for each member of the governing body of the taxing unit.

(d-2) By August 7 or as soon thereafter as practicable, the county assessor-collector shall post on the website the tax rate calculation forms described by Subsection (d-1)(1) for the current tax year.

(e) The comptroller by rule shall prescribe the manner in which the information described by this section is required to be presented.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 26.17

S.B. 2

SECTION 57. Chapter 26, Tax Code, is amended by **adding Sections 26.17** and 26.18 to read as follows:

Sec. 26.17. DATABASE OF PROPERTY-TAX-RELATED INFORMATION.

(a) The chief appraiser of each appraisal district shall create and maintain a property tax database that:

(1) is identified by the name of the county in which the appraisal district is established instead of the name of the appraisal district;

(2) contains information that is provided by designated officers or employees of the taxing units that are located in the appraisal district in the manner required by the comptroller;

(3) is continuously updated as preliminary and revised data become available to and are provided by the designated officers or employees of taxing units;

(4) is accessible to the public;

(5) is searchable by property address and owner, except to the extent that access to the information in the database is restricted by Section 25.025 or 25.026; and

(6) includes the following statement: "The 86th Texas Legislature modified the manner in which the voter-approval tax rate is calculated to limit the rate of growth of property taxes in the state.".

(b) The database must include, with respect to each property listed on the appraisal roll for the appraisal district:

(1) the property's identification number;

(2) the property's market value;

(3) the property's taxable value;

(4) the name of each taxing unit in which the property is located;

(5) for each taxing unit other than a school district in which the property is located:

(A) the no-new-revenue tax rate; and

(B) the voter-approval tax rate;

(6) for each school district in which the property is located:

(A) the tax rate that would maintain the same amount of state and local revenue per weighted student that the district received in the school year beginning in the preceding tax year; and

(B) the voter-approval tax rate;

(7) the tax rate proposed by the governing body of each taxing unit in which the property is located;

(8) for each taxing unit other than a school district in which the property is located, the taxes that would be imposed on the property if the taxing unit adopted a tax rate equal to:

(A) the no-new-revenue tax rate; and

(B) the proposed tax rate;

(9) for each school district in which the property is located, the taxes that would be imposed on the property if the district adopted a tax rate equal to:

(A) the tax rate that would maintain the same amount of state and local revenue per weighted student that the district received in the school year beginning in the preceding tax year; and

(B) the proposed tax rate;

(10) for each taxing unit other than a school district in which the property is located, the difference between the amount calculated under Subdivision (8)(A) and the amount calculated under Subdivision (8)(B);

(11) for each school district in which the property is located, the difference between the amount calculated under Subdivision (9)(A) and the amount calculated under Subdivision (9)(B);

(12) the date, time, and location of the public hearing, if applicable, on the proposed tax rate to be held by the governing body of each taxing unit in which the property is located;

(13) the date, time, and location of the public meeting, if applicable, at which the tax rate will be adopted to be held by the governing body of each taxing unit in which the property is located; and

(14) for each taxing unit in which the property is located, an e-mail address at which the taxing unit is capable of receiving written comments regarding the proposed tax rate of the taxing unit.

(c) The database must provide a link to the Internet website used by each taxing unit in which the property is located to post the information described by Section 26.18.

(d) The database must allow the property owner to electronically complete and submit to a taxing unit in which the owner's property is located a form on which the owner may provide the owner's opinion as to whether the tax rate proposed by the governing body of the taxing unit should be adopted. The form must require the owner to provide the owner's name and contact

information and the physical address of the owner's property located in the taxing unit. The database must allow a property owner to complete and submit the form at any time during the period beginning on the date the governing body of the taxing unit proposes the tax rate for that tax year and ending on the date the governing body adopts a tax rate for that tax year.

(e) The officer or employee designated by the governing body of each taxing unit in which the property is located to calculate the no-new-revenue tax rate and the voter-approval tax rate for the taxing unit must electronically incorporate into the database:

> **(1) the information described by Subsections (b)(5), (6), (7), (12), and (13), as applicable, as the information becomes available; and**
>
> **(2) the tax rate calculation forms prepared under Section 26.04(d-1) at the same time the designated officer or employee submits the tax rates to the governing body of the taxing unit under Section 26.04(e).**

(f) The chief appraiser shall make the information described by Subsection (e)(1) and the tax rate calculation forms described by Subsection (e)(2) available to the public not later than the third business day after the date the information and forms are incorporated into the database.

Effective: January 1, 2020

SECTION 105. (a) An appraisal district established in a county with a population of 200,000 or more and each taxing unit located wholly or primarily in such an appraisal district shall comply with Sections 26.04(e-2), 26.05(d-1) and (d-2), 26.17, and 26.18, Tax Code, as added by this Act, beginning with the 2020 tax year.

(b) An appraisal district established in a county with a population of less than 200,000 and each taxing unit located wholly or primarily in such an appraisal district shall comply with Sections 26.04(e-2), 26.05(d-1) and (d-2), 26.17, and 26.18, Tax Code, as added by this Act, beginning with the 2021 tax year.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 26.18

S.B. 2

SECTION 57. Chapter 26, Tax Code, is amended by **adding Sections** 26.17 **and 26.18** to read as follows:

Sec. 26.18. POSTING OF TAX RATE AND BUDGET INFORMATION BY TAXING UNIT ON WEBSITE. Each taxing unit shall maintain an Internet website or have access to a generally accessible Internet website that may be used for the purposes of this section. Each taxing unit shall post or cause to be posted on the Internet website the following information in a format prescribed by the comptroller:

(1) the name of each member of the governing body of the taxing unit;

(2) the mailing address, e-mail address, and telephone number of the taxing unit;

(3) the official contact information for each member of the governing body of the taxing unit, if that information is different from the information described by Subdivision (2);

(4) the taxing unit's budget for the preceding two years;

(5) the taxing unit's proposed or adopted budget for the current year;

(6) the change in the amount of the taxing unit's budget from the preceding year to the current year, by dollar amount and percentage;

(7) in the case of a taxing unit other than a school district, the amount of property tax revenue budgeted for maintenance and operations for:

(A) the preceding two years; and

(B) the current year;

(8) in the case of a taxing unit other than a school district, the amount of property tax revenue budgeted for debt service for:

(A) the preceding two years; and

(B) the current year;

(9) the tax rate for maintenance and operations adopted by the taxing unit for the preceding two years;

(10) in the case of a taxing unit other than a school district, the tax rate for debt service adopted by the taxing unit for the preceding two years;

(11) in the case of a school district, the interest and sinking fund tax rate adopted by the district for the preceding two years;

(12) the tax rate for maintenance and operations proposed by the taxing unit for the current year;

(13) in the case of a taxing unit other than a school district, the tax rate for debt service proposed by the taxing unit for the current year;

(14) in the case of a school district, the interest and sinking fund tax rate proposed by the district for the current year; and

(15) the most recent financial audit of the taxing unit.

Effective: January 1, 2020

SECTION 105. (a) An appraisal district established in a county with a population of 200,000 or more and each taxing unit located wholly or primarily in such an appraisal district shall comply with Sections 26.04(e-2), 26.05(d-1) and (d-2), 26.17, and 26.18, Tax Code, as added by this Act, beginning with the 2020 tax year.

(b) An appraisal district established in a county with a population of less than 200,000 and each taxing unit located wholly or primarily in such an appraisal district shall comply with Sections 26.04(e-2), 26.05(d-1) and (d-2), 26.17, and 26.18, Tax Code, as added by this Act, beginning with the 2021 tax year.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 31.02

H.B. 1883

SECTION 1. Sections 31.02**(b) and (c), Tax Code, are amended** to read as follows:

§ 31.02. Delinquency Date

(a) Except as provided by Subsection (b) of this section and by Sections 31.03 and 31.04 of this code, taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

(b) An eligible person serving on active duty in any branch of the United States armed forces [~~during a war or national emergency declared in accordance with federal law~~] may pay delinquent property taxes on property in which the person owns any interest without penalty or interest no later than the 60th day after the date on which the earliest of the following occurs:

1) the person is discharged from active military service;

(2) the person returns to the state for more than 10 days; **or**

(3) the person returns to non-active duty status in the reserves. [~~or~~

~~(4) the war or national emergency ends.~~]

(c) "Eligible person" means a person on active military duty in this state who was transferred out of this state [~~as a result of a war or national emergency declared in accordance with federal law~~] or a person in the reserve forces who was placed on active military duty and transferred out of this state [~~as a result of a war or national emergency declared in accordance with federal law~~].

(d) A person eligible under Subsection (b) or any co-owner of property that is owned by an eligible person may notify the county tax assessor or collector or central appraisal district for the county in which the property is located of the person's eligibility for exemption under Subsection (b). The county tax assessor or collector or central appraisal district shall provide the forms necessary for those individuals giving notice under this subsection. If the notice is timely given, a taxing unit in the county may not bring suit for delinquent taxes for the tax year in which the notice is given. Failure to file a notice does not affect eligibility for the waiver of penalties and interest.

(e) On verification that notice was properly filed under Subsection (d), a suit for delinquent taxes must be abated without cost to the defendant. The exemptions provided for under this section shall immediately stop all actions against eligible persons until the person's eligibility expires as provided in Subsection (b).

(f) This section applies only to property in which the person eligible for the exemption owned an interest on the date the person was transferred out of this state as described by Subsection (c) or in which the person acquired the interest by gift, devise, or inheritance after that date.

(g) For the purposes of this section, a person is considered to be on active military duty if the person is covered by the Soldiers' and Sailors' Civil Relief Act of 1940 (50 App. U.S.C. Section 501 et seq.) or the Uniformed Services Employment and Reemployment Rights Act of 1994 (38 U.S.C. Section 4301 et seq.), as amended.

Effective: September 1, 2019

SECTION 3. This Act applies to penalties and interest on delinquent taxes if the taxes are paid on or after the effective date of this Act, even if the penalties or interest accrued before the effective date of this Act.

§ 31.12

S.B. 2

SECTION 58. Sections 31.12**(a) and (b), Tax Code, are amended** to read as follows:

§ 31.12. Payment of Tax Refunds; Interest

(a) If a refund of a tax provided by Section 11.431(b), 26.07(g), **26.075(k),** 26.15(f), 31.11, 31.111, or 31.112 is paid on or before the 60th day after the date the liability for the refund arises, no interest is due on the amount refunded. If not paid on or before that 60th day, the amount of the tax to be refunded accrues interest at a rate of one percent for each month or part of a month that the refund is unpaid, beginning with the date on which the liability for the refund arises.

(b) For purposes of this section, liability for a refund arises:

(1) if the refund is required by Section 11.431(b), on the date the chief appraiser notifies the collector for the **taxing** unit of the approval of the late homestead exemption;

(2) if the refund is required by Section 26.07(g) **or 26.075(k)**, on the date the results of the election to **approve or** reduce the tax rate, **as applicable,** are certified;

(3) if the refund is required by Section 26.15(f):

(A) for a correction to the tax roll made under Section 26.15(b), on the date the change in the tax roll is certified to the assessor for the taxing unit under Section 25.25; or

(B) for a correction to the tax roll made under Section 26.15(c), on the date the change in the tax roll is ordered by the governing body of the taxing unit;

(4) if the refund is required by Section 31.11, on the date the auditor for the taxing unit determines that the payment was erroneous or excessive or, if the amount of the refund exceeds the applicable amount specified by Section 31.11(a), on the date the governing body of the **taxing** unit approves the refund;

(5) if the refund is required by Section 31.111, on the date the collector for the taxing unit determines that the payment was erroneous; or

(6) if the refund is required by Section 31.112, on the date required by Section 31.112(d) or (e), as applicable.

(c) This section does not apply to a refund in an amount less than $5.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 33.01

H.B. 1883

SECTION 2. Section 33.01, Tax Code, is amended by **adding Subsection (f)** to read as follows:

§ 33.01. Penalties and Interest

(a) A delinquent tax incurs a penalty of six percent of the amount of the tax for the first calendar month it is delinquent plus one percent for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. However, a tax delinquent on July 1 incurs a total penalty of twelve percent of the amount of the delinquent tax without regard to the number of months the tax has been delinquent. A delinquent tax continues to incur the penalty provided by this subsection as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered.

(b) If a person who exercises the split-payment option provided by Section 31.03 of this code fails to make the second payment before July 1, the second payment is delinquent and incurs a penalty of twelve percent of the amount of unpaid tax.

(c) A delinquent tax accrues interest at a rate of one percent for each month or portion of a month the tax remains unpaid. Interest payable under this section is to

compensate the taxing unit for revenue lost because of the delinquency. A delinquent tax continues to accrue interest under this subsection as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered.

(d) In lieu of the penalty imposed under Subsection (a), a delinquent tax incurs a penalty of 50 percent of the amount of the tax without regard to the number of months the tax has been delinquent if the tax is delinquent because the property owner received an exemption under:

(1) Section 11.13 and the chief appraiser subsequently cancels the exemption because the residence was not the principal residence of the property owner and the property owner received an exemption for two or more additional residence homesteads for the tax year in which the tax was imposed;

(2) Section 11.13(c) or (d) for a person who is 65 years of age or older and the chief appraiser subsequently cancels the exemption because the property owner was younger than 65 years of age; or

(3) Section 11.13(q) and the chief appraiser subsequently cancels the exemption because the property owner was younger than 55 years of age when the property owner's spouse died.

(e) A penalty imposed under Subsection (d) does not apply if:

(1) the exemption was granted by the appraisal district or board and not at the request or application of the property owner or the property owner's agent; or

(2) at any time before the date the tax becomes delinquent, the property owner gives to the chief appraiser of the appraisal district in which the property is located written notice of circumstances that would disqualify the owner for the exemption.

(f) Notwithstanding the other provisions of this section, a delinquent tax for which a person defers payment under Section 31.02(b) that is not paid on or before the date the deferral period prescribed by that subsection expires:

(1) accrues interest at a rate of six percent for each year or portion of a year the tax remains unpaid; and

(2) does not incur a penalty.

Effective: September 1, 2019

SECTION 3. This Act applies to penalties and interest on delinquent taxes if the taxes are paid on or after the effective date of this Act, even if the penalties or interest accrued before the effective date of this Act.

§ 33.011

H.B. 1885

SECTION 1. Section 33.011, Tax Code, is amended by **amending Subsection (d)** and **adding Subsection (k)** to read as follows:

§ 33.011. Waiver of Penalties and Interest

(a) The governing body of a taxing unit:

(1) shall waive penalties and may provide for the waiver of interest on a delinquent tax if an act or omission of an officer, employee, or agent of the taxing unit or the appraisal district in which the taxing unit participates caused or resulted in the taxpayer's failure to pay the tax before delinquency and if the tax is paid not later than the 21st day after the date the taxpayer knows or should know of the delinquency;

(2) may waive penalties and provide for the waiver of interest on a delinquent tax if:

(A) the property for which the tax is owed is acquired by a religious organization; and

(B) before the first anniversary of the date the religious organization acquires the property, the organization pays the tax and qualifies the property for an exemption under Section 11.20 as evidenced by the approval of the exemption by the chief appraiser under Section 11.45; and

(3) may waive penalties and provide for the waiver of interest on a delinquent tax if the taxpayer submits evidence showing that:

(A) the taxpayer attempted to pay the tax before the delinquency date by mail;

(B) the taxpayer mailed the tax payment to an incorrect address that in a prior tax year was the correct address for payment of the taxpayer's tax;

(C) the payment was mailed to the incorrect address within one year of the date that the former address ceased to be the correct address for payment of the tax; and

(D) the taxpayer paid the tax not later than the 21st day after the date the taxpayer knew or should have known of the delinquency.

(b) If a tax bill is returned undelivered to the taxing unit by the United States Postal Service, the governing body of the taxing unit shall waive penalties and interest if:

(1) the taxing unit does not send another tax bill on the property in question at least 21 days before the delinquency date to the current mailing address furnished by the property owner and the property owner establishes that a current mailing address was furnished to the appraisal district by the property owner for the tax bill before September 1 of the year in which the tax is assessed; or

(2) the tax bill was returned because of an act or omission of an officer, employee, or agent of the taxing unit or the appraisal district in which the taxing unit participates and the taxing unit or appraisal district did not send another tax bill on the property in question at least 21 days before the delinquency date to the proper mailing address.

(c) For the purposes of this section, a property owner is considered to have furnished a current mailing address to the taxing unit or to the appraisal district if the current address is expressly communicated to the appraisal district in writing or if the appraisal district received a copy of a recorded instrument transferring ownership of real property and the current mailing address of the new owner is included in the instrument or in accompanying communications or letters of transmittal.

(d) A request for a waiver of penalties and interest under Subsection (a)(1) or (3), (b), (h), [~~or~~] (j)**, or (k)** must be made before the 181st day after the delinquency date. A request for a waiver of penalties and interest under Subsection (a)(2) must be made before the first anniversary of the date the religious organization acquires the property. A request for a waiver of penalties and interest under Subsection (i) must be made before the 181st day after the date the property owner making the request receives notice of the delinquent tax that satisfies the requirements of Section 33.04(c). To be valid, a waiver of penalties or interest under this section must be requested in writing. If a written request for a waiver is not timely made, the governing body of a taxing unit may not waive any penalties or interest under this section.

(e) Penalties and interest do not accrue during the period that a bill is not sent under Section 31.01(f).

(f) A property owner is not entitled to relief under Subsection (b) of this section if the property owner or the owner's agent furnished an incorrect mailing address to the appraisal district or the taxing unit or to an employee or agent of the district or unit.

(g) Taxes for which penalties and interest have been waived under Subsection (b) of this section must be paid within 21 days of the property owner having received a bill for those taxes at the current mailing address.

(h) The governing body of a taxing unit shall waive penalties and interest on a delinquent tax if:

(1) the tax is payable by electronic funds transfer under an agreement entered into under Section 31.06(a); and

(2) the taxpayer submits evidence sufficient to show that:

(A) the taxpayer attempted to pay the tax by electronic funds transfer in the proper manner before the delinquency date;

(B) the taxpayer's failure to pay the tax before the delinquency date was caused by an error in the transmission of the funds; and

(C) the tax was properly paid by electronic funds transfer or otherwise not later than the 21st day after the date the taxpayer knew or should have known of the delinquency.

(i) The governing body of a taxing unit may waive penalties and interest on a delinquent tax that relates to a date preceding the date on which the property owner acquired the property if:

(1) the property owner or another person liable for the tax pays the tax not later than the 181st day after the date the property owner receives notice of the delinquent tax that satisfies the requirements of Section 33.04(c); and

(2) the delinquency is the result of taxes imposed on:

(A) omitted property entered in the appraisal records as provided by Section 25.21;

(B) erroneously exempted property or appraised value added to the appraisal roll as provided by Section 11.43(i); or

(C) property added to the appraisal roll under a different account number or parcel when the property was owned by a prior owner.

(j) The governing body of a taxing unit may waive penalties and interest on a delinquent tax if the taxpayer submits evidence sufficient to show that the taxpayer delivered payment for the tax before the delinquency date to:

(1) the United States Postal Service for delivery by mail, but an act or omission of the postal service resulted in the taxpayer's payment being postmarked after the delinquency date; or

(2) a private delivery service for delivery, but an act or omission of the private carrier resulted in the taxpayer's payment being received by the taxing unit after the delinquency date.

(k) The governing body of a taxing unit may waive penalties and interest on a delinquent tax if:

(1) the property for which the tax is owed is subject to a mortgage that does not require the owner of the property to fund an escrow account for the payment of the taxes on the property;

(2) the tax bill was mailed or delivered by electronic means to the mortgagee of the property, but the mortgagee failed to mail a copy of the bill to the owner of the property as required by Section 31.01(j); and

(3) the taxpayer paid the tax not later than the 21st day after the date the taxpayer knew or should have known of the delinquency.

Effective: January 1, 2020

SECTION 2. The change in law made by this Act applies only to penalties and interest on an ad valorem tax that becomes delinquent on or after the effective date of this Act.

§ 33.06

S.B. 1943

SECTION 9. Section 33.06, Tax Code, is amended by **adding Subsection (h)** to read as follows:

§ 33.06. Deferred Collection of Taxes on Residence Homestead of Elderly or Disabled Person or Disabled Veteran

(a) An individual is entitled to defer collection of a tax, abate a suit to collect a delinquent tax, or abate a sale to foreclose a tax lien if:

(1) the individual:

(A) is 65 years of age or older;

(B) is disabled as defined by Section 11.13(m); or

(C) is qualified to receive an exemption under Section 11.22; and

(2) the tax was imposed against property that the individual owns and occupies as a residence homestead.

(b) To obtain a deferral, an individual must file with the chief appraiser for the appraisal district in which the property is located an affidavit stating the facts required to be established by Subsection (a). The chief appraiser shall notify each taxing unit participating in the district of the filing. After an affidavit is filed under

this subsection, a taxing unit may not file suit to collect delinquent taxes on the property and the property may not be sold at a sale to foreclose the tax lien until the 181st day after the date the individual no longer owns and occupies the property as a residence homestead.

(c) To obtain an abatement of a pending suit, the individual must file in the court in which suit is pending an affidavit stating the facts required to be established by Subsection (a). If no controverting affidavit is filed by the taxing unit filing suit or if, after a hearing, the court finds the individual is entitled to the deferral, the court shall abate the suit until the 181st day after the date the individual no longer owns and occupies the property as a residence homestead. The clerk of the court shall deliver a copy of the judgment abating the suit to the chief appraiser of each appraisal district that appraises the property.

(c-1) To obtain an abatement of a pending sale to foreclose the tax lien, the individual must deliver an affidavit stating the facts required to be established by Subsection (a) to the chief appraiser of each appraisal district that appraises the property, the collector for the taxing unit that requested the order of sale or the attorney representing that unit for the collection of delinquent taxes, and the officer charged with selling the property not later than the fifth day before the date of the sale. After an affidavit is delivered under this subsection, the property may not be sold at a tax sale until the 181st day after the date the individual no longer owns and occupies the property as a residence homestead. If property is sold in violation of this section, the property owner may file a motion to set aside the sale under the same cause number and in the same court as a judgment reference in the order of sale. The motion must be filed during the applicable redemption period as set forth in Section 34.21(a) or, if the property is bid off to a taxing entity, on or before the 180th day following the date the taxing unit's deed is filed of record, whichever is later. This right is not transferable to a third party.

(d) A tax lien remains on the property and interest continues to accrue during the period collection of taxes is deferred or abated under this section. The annual interest rate during the deferral or abatement period is five percent instead of the rate provided by Section 33.01. Interest and penalties that accrued or that were incurred or imposed under Section 33.01 or 33.07 before the date the individual files the deferral affidavit under Subsection (b) or the date the judgment abating the suit is entered, as applicable, are preserved. A penalty under Section 33.01 is not incurred during a deferral or abatement period. The additional penalty under

Section 33.07 may be imposed and collected only if the taxes for which collection is deferred or abated remain delinquent on or after the 181st day after the date the deferral or abatement period expires. A plea of limitation, laches, or want of prosecution does not apply against the taxing unit because of deferral or abatement of collection as provided by this section.

(e) Each year the chief appraiser for each appraisal district shall publicize in a manner reasonably designed to notify all residents of the district or county of the provisions of this section and, specifically, the method by which eligible persons may obtain a deferral or abatement.

(f) Notwithstanding the other provisions of this section, if an individual who qualifies for a deferral or abatement of collection of taxes on property as provided by this section dies, the deferral or abatement continues in effect until the 181st day after the date the surviving spouse of the individual no longer owns and occupies the property as a residence homestead if:

(1) the property was the residence homestead of the deceased spouse when the deceased spouse died;

(2) the surviving spouse was 55 years of age or older when the deceased spouse died; and

(3) the property was the residence homestead of the surviving spouse when the deceased spouse died.

(g) If the ownership interest of an individual entitled to a deferral under this section is a life estate, a lien for the deferred tax attaches to the estate of the life tenant, and not to the remainder interest, if the owner of the remainder is an institution of higher education that has not consented to the deferral. In this subsection, "institution of higher education" has the meaning assigned by Section 61.003, Education Code. This subsection does not apply to a deferral for which the individual entitled to the deferral filed the affidavit required by Subsection (b) before September 1, 2011.

(h) An heir property owner who qualifies heir property as the owner's residence homestead under Chapter 11 is considered the sole owner of the property for the purposes of this section.

Effective: September 1, 2019

SECTION 11. Not later than January 1, 2020, the comptroller of public accounts shall make available the pamphlet required by Section 5.061, Tax Code, as added by this Act.

SECTION 12. The changes in law made by this Act apply only to an ad valorem tax year that begins on or after the effective date of this Act.

§ 33.065

S.B. 1943

SECTION 10. Section 33.065, Tax Code, is amended by **adding Subsection (j)** to read as follows:

§ 33.065. Deferred Collection of Taxes on Appreciating Residence Homestead

(a) An individual is entitled to defer or abate a suit to collect a delinquent tax imposed on the portion of the appraised value of property the individual owns and occupies as the individual's residence homestead that exceeds the sum of:

(1) 105 percent of the appraised value of the property for the preceding year; and

(2) the market value of all new improvements to the property.

(b) An individual may not obtain a deferral or abatement under this section, and any deferral or abatement previously received expires, if the taxes on the portion of the appraised value of the property that does not exceed the amount provided by Subsection (a) are delinquent.

(c) To obtain a deferral, an individual must file with the chief appraiser for the appraisal district in which the property is located an affidavit stating the facts required to be established by Subsection (a). The chief appraiser shall notify each taxing unit participating in the district of the filing. After an affidavit is filed under this subsection, a taxing unit may not file suit to collect delinquent taxes on the property for which collection is deferred until the individual no longer owns and occupies the property as a residence homestead.

(d) To obtain an abatement, the individual must file in the court in which the delinquent tax suit is pending an affidavit stating the facts required to be established by Subsection (a). If the taxing unit that filed the suit does not file a controverting affidavit or if, after a hearing, the court finds the individual is entitled to the deferral, the court shall abate the suit until the individual no longer owns and occupies the property as the individual's residence homestead. The clerk of the court shall deliver a copy of the judgment abating the suit to the chief appraiser of each appraisal district that appraises the property.

(e) A deferral or abatement under this section applies only to ad valorem taxes imposed beginning with the tax year following the first tax year the individual entitled to the deferral or abatement qualifies the property for an exemption under Section 11.13. For purposes of this subsection, the owner of a residence homestead that is qualified for an exemption under Section 11.13 on January 1, 1998, is considered to have qualified the property for the first time in the 1997 tax year.

(f) If the collection of delinquent taxes on the property was deferred in a prior tax year and the sum of the amounts described by Subsections (a)(1) and (2) exceeds the appraised value of the property for the current tax year, the amount of taxes the collection of which may be deferred is reduced by the amount calculated by multiplying the taxing unit's tax rate for the current year by the amount by which that sum exceeds the appraised value of the property.

(g) A tax lien remains on the property and interest continues to accrue during the period collection of delinquent taxes is deferred or abated under this section. The annual interest rate during the deferral or abatement period is eight percent instead of the rate provided by Section 33.01. Interest and penalties that accrued or that were incurred or imposed under Section 33.01 or 33.07 before the date the individual files the deferral affidavit under Subsection (c) or the date the judgment abating the suit is entered, as applicable, are preserved. A penalty is not incurred on the delinquent taxes for which collection is deferred or abated during a deferral or abatement period. The additional penalty under Section 33.07 may be imposed and collected only if the delinquent taxes for which collection is deferred or abated remain delinquent on or after the 91st day after the date the deferral or abatement period expires. A plea of limitation, laches, or want of prosecution does not apply against the taxing unit because of deferral or abatement of collection as provided by this section.

(h) Each year the chief appraiser for each appraisal district shall publicize in a manner reasonably designed to notify all residents of the county for which the appraisal district is established of the provisions of this section and, specifically, the method by which an eligible person may obtain a deferral.

(i) In this section:

(1) “New improvement” means an improvement to a residence homestead that is made after the appraisal of the property for the preceding year and that increases the market value of the property. The term does not include ordinary maintenance of an existing structure or the grounds or another feature of the property.

(2) “Residence homestead” has the meaning assigned that term by Section 11.13.

(j) An heir property owner who qualifies heir property as the owner's residence homestead under Chapter 11 is considered the sole owner of the property for the purposes of this section.

Effective: September 1, 2019

SECTION 11. Not later than January 1, 2020, the comptroller of public accounts shall make available the pamphlet required by Section 5.061, Tax Code, as added by this Act.

SECTION 12. The changes in law made by this Act apply only o an ad valorem tax year that begins on or after the effective date of this Act.

§33.08

S.B. 2

SECTION 59. Section 33.08**(b), Tax Code, is amended** to read as follows:

§ 33.08. Additional Penalty for Collection Costs for Taxes Due on or After June 1

(a) This section applies to a taxing unit or appraisal district only if:

(1) the governing body of the taxing unit or appraisal district has imposed the additional penalty for collection costs under Section 33.07; and

(2) the taxing unit or appraisal district, or another taxing unit that collects taxes for the unit, has entered into a contract with an attorney under Section 6.30 for the collection of the unit's delinquent taxes.

(b) The governing body of the taxing unit or appraisal district, in the manner required by law for official action, may provide that taxes that become delinquent on or after June 1 under Section **26.075(j)** ~~[26.07(f)]~~, 26.15(e), 31.03, 31.031, 31.032, 31.04, or 42.42 incur an additional penalty to defray costs of collection. The amount of the penalty may not exceed the amount of the compensation specified in the applicable contract with an attorney under Section 6.30 to be paid in connection with the collection of the delinquent taxes.

(c) After the taxes become delinquent, the collector for a taxing unit or appraisal district that has provided for the additional penalty under this section shall send a notice of the delinquency and the penalty to the property owner. The penalty is incurred on the first day of the first month that begins at least 21 days after the date the notice is sent.

(d) A tax lien attaches to the property on which the tax is imposed to secure payment of the additional penalty.

(e) A taxing unit or appraisal district that imposes the additional penalty under this section may not recover attorney's fees in a suit to collect delinquent taxes subject to the penalty.

Effective: January 1, 2020

SECTION 108. Section 33.08(b), Tax Code, as amended by this Act, applies only to taxes that become delinquent on or after January 1, 2020. Taxes that become delinquent before that date are governed by the law as it existed immediately before that date, and that law is continued in effect for that purpose.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 34.01

H.B. 2650

SECTION 1. Sections 34.01**(b) and (p), Tax Code, are amended** to read as follows:

§ 34.01. Sale of Property

(a) Real property seized under a tax warrant issued under Subchapter E, Chapter 33, or ordered sold pursuant to foreclosure of a tax lien shall be sold by the officer charged with selling the property, unless otherwise directed by the taxing unit that requested the warrant or order of sale or by an authorized agent or attorney for that unit. The sale shall be conducted in the manner similar property is sold under execution except as otherwise provided by this subtitle.

(a-1) The commissioners court of a county by official action may authorize the officer charged with selling property under this section to conduct a public auction using online bidding and sale. The commissioners court may adopt rules governing online auctions authorized under this subsection. Rules adopted by the commissioners court under this subsection take effect on the 90th day after the date the rules are published in the real property records of the county.

(b) On receipt of an order of sale of real property, the officer charged with selling the property shall endorse on the order the date and exact time when the officer received the order. The endorsement is a levy on the property without necessity for going upon the ground. The officer shall calculate the total amount due under the judgment, including all taxes, penalties, and interest, plus any other amount awarded by the judgment, court costs, and the costs of the sale. The costs of a sale include the costs of advertising, **an auctioneer ’s commission and fees,** and deed recording fees anticipated to be paid in connection with the sale of the property. To assist the officer in making the calculation, the collector of any taxing unit that is party to the judgment may provide the officer with a certified tax statement showing the amount of the taxes included in the judgment that remain due that taxing unit and all penalties, interest, and attorney's fees provided by the judgment as of the date of the proposed sale. If a certified tax statement is provided to the

officer, the officer shall rely on the amount included in the statement and is not responsible or liable for the accuracy of the applicable portion of the calculation. A certified tax statement is not required to be sworn to and is sufficient if the tax collector or the collector's deputy signs the statement.

(c) The officer charged with the sale shall give written notice of the sale in the manner prescribed by Rule 21a, Texas Rules of Civil Procedure, as amended, or that rule's successor to each person who was a defendant to the judgment or that person's attorney.

(d) An officer's failure to send the written notice of sale or a defendant's failure to receive that notice is insufficient by itself to invalidate:

(1) the sale of the property; or

(2) the title conveyed by that sale.

(e) A notice of sale under Subsection (c) must substantially comply with this subsection. The notice must include:

(1) a statement of the authority under which the sale is to be made;

(2) the date, time, and location of the sale; and

(3) a brief description of the property to be sold.

(f) A notice of sale is not required to include field notes describing the property. A description of the property is sufficient if the notice:

(1) states the number of acres and identifies the original survey;

(2) as to property located in a platted subdivision or addition, regardless of whether the subdivision or addition is recorded, states the name by which the land is generally known with reference to that subdivision or addition; or

(3) by reference adopts the description of the property contained in the judgment.

(g) For publishing a notice of sale, a newspaper may charge a rate that does not exceed the greater of:

(1) two cents per word; or

(2) an amount equal to the published word or line rate of that newspaper for the same class of advertising.

(h) If there is not a newspaper published in the county of the sale, or a newspaper that will publish the notice of sale for the rate authorized by Subsection (g), the officer shall post the notice in writing in three public places in the county not later than the 20th day before the date of the sale. One of the notices must be posted at the door of the county courthouse.

(i) The owner of real property subject to sale may file with the officer charged with the sale a written request that the property be divided and that only as many portions be sold as necessary to pay the amount due against the property, as calculated under Subsection (b). In the request the owner shall describe the desired portions and shall specify the order in which the portions should be sold. The owner may not specify more than four portions or a portion that divides a building or other contiguous improvement. The request must be delivered to the officer not later than the seventh day before the date of the sale.

(j) If a bid sufficient to pay the lesser of the amount calculated under Subsection (b) or the adjudged value is not received, the taxing unit that requested the order of sale may terminate the sale. If the taxing unit does not terminate the sale, the officer making the sale shall bid the property off to the taxing unit that requested the order of sale, unless otherwise agreed by each other taxing unit that is a party to the judgment, for the aggregate amount of the judgment against the property or for the market value of the property as specified in the judgment, whichever is less. The duty of the officer conducting the sale to bid off the property to a taxing unit under this subsection is self-executing. The actual attendance of a representative of the taxing unit at the sale is not a prerequisite to that duty.

(k) The taxing unit to which the property is bid off takes title to the property for the use and benefit of itself and all other taxing units that established tax liens in the suit. The taxing unit's title includes all the interest owned by the defendant, including the defendant's right to the use and possession of the property, subject only to the defendant's right of redemption. Payments in satisfaction of the judgment and any costs or expenses of the sale may not be required of the purchasing taxing unit until the property is redeemed or resold by the purchasing taxing unit.

(l) Notwithstanding that property is bid off to a taxing unit under this section, a taxing unit that established a tax lien in the suit may continue to enforce collection of any amount for which a former owner of the property is liable to the taxing unit,

including any post-judgment taxes, penalties, and interest, in any other manner provided by law.

(m) The officer making the sale shall prepare a deed to the purchaser of real property at the sale, to any other person whom the purchaser may specify, or to the taxing unit to which the property was bid off. The taxing unit that requested the order of sale may elect to prepare a deed for execution by the officer. If the taxing unit prepares the deed, the officer shall execute that deed. An officer who executes a deed prepared by the taxing unit is not responsible or liable for any inconsistency, error, or other defect in the form of the deed. As soon as practicable after a deed is executed by the officer, the officer shall either file the deed for recording with the county clerk or deliver the executed deed to the taxing unit that requested the order of sale, which shall file the deed for recording with the county clerk. The county clerk shall file and record each deed filed under this subsection and after recording shall return the deed to the grantee.

(n) The deed vests good and perfect title in the purchaser or the purchaser's assigns to the interest owned by the defendant in the property subject to the foreclosure, including the defendant's right to the use and possession of the property, subject only to the defendant's right of redemption, the terms of a recorded restrictive covenant running with the land that was recorded before January 1 of the year in which the tax lien on the property arose, a recorded lien that arose under that restrictive covenant that was not extinguished in the judgment foreclosing the tax lien, and each valid easement of record as of the date of the sale that was recorded before January 1 of the year the tax lien arose. The deed may be impeached only for fraud.

(o) If a bid sufficient to pay the amount specified by Subsection (p) is not received, the officer making the sale, with the consent of the collector who applied for the tax warrant, may offer property seized under Subchapter E, Chapter 33,1 to a person described by Section 11.181 or 11.20 for less than that amount. If the property is offered to a person described by Section 11.181 or 11.20, the officer making the sale shall reopen the bidding at the amount of that person's bid and bid off the property to the highest bidder. Consent to the sale by the taxing units entitled to receive proceeds of the sale is not required. The acceptance of a bid by the officer under this subsection is conclusive and binding on the question of its sufficiency. An action to set aside the sale on the grounds that a bid is insufficient may not be sustained, except that a taxing unit that participates in distribution of

proceeds of the sale may file an action before the first anniversary of the date of the sale to set aside the sale on the grounds of fraud or collusion between the officer making the sale and the purchaser.

(p) Except as provided by Subsection (o), property seized under Subchapter E, Chapter 33, may not be sold for an amount that is less than the lesser of the market value of the property as specified in the warrant or the total amount of taxes, penalties, interest, costs, **auctioneer 's commission and fees,** and other claims for which the warrant was issued. If a sufficient bid is not received by the officer making the sale, the officer shall bid off the property to a taxing unit in the manner specified by Subsection (j) and subject to the other provisions of that subsection. A taxing unit that takes title to property under this subsection takes title for the use and benefit of that taxing unit and all other taxing units that established tax liens in the suit or that, on the date of the seizure, were owed delinquent taxes on the property.

(q) A sale of property under this section to a purchaser other than a taxing unit:

(1) extinguishes each lien securing payment of the delinquent taxes, penalties, and interest against that property and included in the judgment; and

(2) does not affect the personal liability of any person for those taxes, penalties, and interest included in the judgment that are not satisfied from the proceeds of the sale.

(r) Except as provided by Subsection (a-1) and this subsection, a sale of real property under this section must take place at the county courthouse in the county in which the land is located. The commissioners court of the county may designate an area other than an area at the county courthouse where sales under this section will take place that is in a public place within a reasonable proximity of the county courthouse as determined by the commissioners court and in a location as accessible to the public as the courthouse door. The commissioners court shall record that designation in the real property records of the county. A designation by a commissioners court under this section is not a ground for challenging or invalidating any sale. A sale must be held at an area designated under this subsection if the sale is held on or after the 90th day after the date the designation is recorded.

(r-1) A sale of real property under this section, other than a sale conducted by means of a public auction using online bidding and sale under Subsection (a-1), must take place between 10 a.m. and 4 p.m. on the first Tuesday of a month or, if the first Tuesday of a month occurs on January 1 or July 4, between 10 a.m. and 4 p.m. on the first Wednesday of the month.

(r-2) A sale of real property conducted by means of a public auction using online bidding and sale under Subsection (a-1) may begin at any time and must conclude at 4 p.m. on the first Tuesday of a month or, if the first Tuesday of a month occurs on January 1 or July 4, at 4 p.m. on the first Wednesday of the month.

(s) To the extent of a conflict between this section and a provision of the Texas Rules of Civil Procedure that relates to an execution, this section controls.

Effective: Immediately

SECTION 2. The changes in law made by this Act apply only to the sale of real property under Section 34.01, Tax Code, for which notice is given on or after the effective date of this Act.

§ 34.05

H.B. 1652

SECTION 1. Section 34.05**(d), Tax Code, is amended** to read as follows:

§ 34.05. Resale by Taxing Unit

(a) If property is sold to a taxing unit that is a party to the judgment, the taxing unit may sell the property at any time by public or private sale. In selling the property, the taxing unit may, but is not required to, use the procedures provided by Section 263.001, Local Government Code, or Section 272.001, Local Government Code. The sale is subject to any right of redemption of the former owner. The redemption period begins on the date the deed to the taxing unit is filed for record.

(b) Property sold pursuant to Subsections (c) and (d) of this section may be sold for any amount. This subsection does not authorize a sale of property in violation of Section 52, Article III, Texas Constitution.

(c) The taxing unit purchasing the property by resolution of its governing body may request the sheriff or a constable to sell the property at a public sale. If the purchasing taxing unit has not sold the property within six months after the date on which the owner's right of redemption terminates, any taxing unit that is entitled to receive proceeds of the sale by resolution of its governing body may request the sheriff or a constable in writing to sell the property at a public sale. On receipt of a request made under this subsection, the sheriff or constable shall sell the property as provided by Subsection (d), unless the property is sold under Subsection (h) or (i) before the date set for the public sale.

(d) Except as provided by this subsection, all public sales requested as provided by Subsection (c) **must** [~~shall~~] be conducted in the manner prescribed by the Texas Rules of Civil Procedure for the sale of property under **execution or, if directed by the commissioners court of the county, in accordance with Section 34.01(a-1) and the rules adopted under that section providing for public auction using online bidding and sale**.. The notice of the sale must contain a description of the property to be sold, the number and style of the suit under which the property was sold at the tax foreclosure sale, and the date of the tax foreclosure sale. The description of the property in the notice is sufficient if it is stated in the manner provided by Section 34.01(f). If the commissioners court of a county by order specifies the date or time at which or location in the county where a public sale requested under Subsection (c) shall be conducted, the sale shall be conducted on the date and at the time and location specified in the order. The acceptance of a bid by the officer conducting the sale is conclusive and binding on the question of its sufficiency. An action to set aside the sale on the grounds that the bid is insufficient may not be sustained in court, except that a taxing unit that participates in distribution of proceeds of the sale may file an action before the first anniversary

of the date of the sale to set aside the sale on the grounds of fraud or collusion between the officer making the sale and the purchaser. On conclusion of the sale, the officer making the sale shall prepare a deed to the purchaser. The taxing unit that requested the sale may elect to prepare a deed for execution by the officer. If the taxing unit prepares the deed, the officer shall execute that deed. An officer who executes a deed prepared by the taxing unit is not responsible or liable for any inconsistency, error, or other defect in the form of the deed. As soon as practicable after a deed is executed by the officer, the officer shall either file the deed for recording with the county clerk or deliver the executed deed to the taxing unit that requested the sale, which shall file the deed for recording with the county clerk. The county clerk shall file and record each deed under this subsection and after recording shall return the deed to the grantee.

(e) The presiding officer of a taxing unit selling real property under Subsection (h) or (i), under Section 34.051, or under Section 253.010, Local Government Code, or the sheriff or constable selling real property under Subsections (c) and (d) shall execute a deed to the property conveying to the purchaser the right, title, and interest acquired or held by each taxing unit that was a party to the judgment foreclosing tax liens on the property. The conveyance shall be made subject to any remaining right of redemption at the time of the sale.

(f) An action attacking the validity of a resale of property pursuant to this section may not be instituted after the expiration of one year after the date of the resale.

(g) A taxing unit to which property is bid off may recover its costs of upkeep, maintenance, and environmental cleanup from the resale proceeds without further court order.

(h) In lieu of a sale pursuant to Subsections (c) and (d) of this section, the taxing unit that purchased the property may sell the property at a private sale. Consent of each taxing unit entitled to receive proceeds of the sale under the judgment is not required. Property sold under this subsection may not be sold for an amount that is less than the lesser of:

(1) the market value specified in the judgment of foreclosure; or

(2) the total amount of the judgments against the property.

(i) In lieu of a sale pursuant to Subsections (c) and (d) of this section, the taxing unit that purchased the property may sell the property at a private sale for an amount less than required under Subsection (h) of this section with the consent of

each taxing unit entitled to receive proceeds of the sale under the judgment. This subsection does not authorize a sale of property in violation of Section 52, Article III, Texas Constitution.

(j) In lieu of a sale pursuant to Subsections (c) and (d), the taxing unit that purchased the property may sell the property at a private sale for an amount equal to or greater than its market value, as shown by the most recent certified appraisal roll, if:

(1) the sum of the amount of the judgment plus post-judgment taxes, penalties, and interest owing against the property exceeds the market value; and

(2) each taxing unit entitled to receive proceeds of the sale consents to the sale for that amount.

(k) A sale under Subsection (j) discharges and extinguishes all liens foreclosed by the judgment and, with the exception of the prorated tax for the current year that is assessed under Section 26.10, the liens for post-judgment taxes that accrued from the date of judgment until the date the taxing unit purchased the property. The presiding officer of a taxing unit selling real property under Subsection (j) shall execute a deed to the property conveying to the purchaser the right, title, and interest acquired or held by each taxing unit that was a party to the judgment foreclosing tax liens on the property. The conveyance is subject to any remaining right of redemption at the time of the sale and to the purchaser's obligation to pay the prorated taxes for the current year as provided by Section 26.10. The deed must recite that the liens foreclosed by the judgment and the post-judgment tax liens are discharged and extinguished by virtue of the conveyance.

(l) A taxing unit that does not consent to a sale under Subsection (j) is liable to the taxing unit that purchased the property for a pro rata share of the costs incurred by the purchasing unit in maintaining the property, including the costs of preventing the property from becoming a public nuisance, a danger to the public, or a threat to the public health. The nonconsenting unit's share of the costs described by this subsection is calculated from the date the unit fails to consent to the sale and is equal to the percentage of the proceeds from a sale of the property to which the nonconsenting unit would be entitled multiplied by the costs incurred by the purchasing unit to maintain the property.

Effective: Immediately upon signing.

§ 34.21

S.B. 1642

SECTION 1. Section 34.21, Tax Code, is amended by **adding Subsection (l)** to read as follows:

§ 34.21. Right of Redemption

(a) The owner of real property sold at a tax sale to a purchaser other than a taxing unit that was used as the residence homestead of the owner or that was land designated for agricultural use when the suit or the application for the warrant was filed, or the owner of a mineral interest sold at a tax sale to a purchaser other than a taxing unit, may redeem the property on or before the second anniversary of the date on which the purchaser's deed is filed for record by paying the purchaser the amount the purchaser bid for the property, the amount of the deed recording fee, and the amount paid by the purchaser as taxes, penalties, interest, and costs on the property, plus a redemption premium of 25 percent of the aggregate total if the property is redeemed during the first year of the redemption period or 50 percent of the aggregate total if the property is redeemed during the second year of the redemption period.

(b) If property that was used as the owner's residence homestead or was land designated for agricultural use when the suit or the application for the warrant was filed, or that is a mineral interest, is bid off to a taxing unit under Section 34.01(j) or (p) and has not been resold by the taxing unit, the owner having a right of redemption may redeem the property on or before the second anniversary of the date on which the deed of the taxing unit is filed for record by paying the taxing unit:

(1) the lesser of the amount of the judgment against the property or the market value of the property as specified in that judgment, plus the amount of the fee for filing the taxing unit's deed and the amount spent by the taxing

unit as costs on the property, if the property was judicially foreclosed and bid off to the taxing unit under Section 34.01(j); or

(2) the lesser of the amount of taxes, penalties, interest, and costs for which the warrant was issued or the market value of the property as specified in the warrant, plus the amount of the fee for filing the taxing unit's deed and the amount spent by the taxing unit as costs on the property, if the property was seized under Subchapter E, Chapter 33,1 and bid off to the taxing unit under Section 34.01(p).

(c) If real property that was used as the owner's residence homestead or was land designated for agricultural use when the suit or the application for the warrant was filed, or that is a mineral interest, has been resold by the taxing unit under Section 34.05, the owner of the property having a right of redemption may redeem the property on or before the second anniversary of the date on which the taxing unit files for record the deed from the sheriff or constable by paying the person who purchased the property from the taxing unit the amount the purchaser paid for the property, the amount of the fee for filing the purchaser's deed for record, the amount paid by the purchaser as taxes, penalties, interest, and costs on the property, plus a redemption premium of 25 percent of the aggregate total if the property is redeemed in the first year of the redemption period or 50 percent of the aggregate total if the property is redeemed in the second year of the redemption period.

(d) If the amount paid by the owner of the property under Subsection (c) is less than the amount of the judgment under which the property was sold, the owner shall pay to the taxing unit to which the property was bid off under Section 34.01 an amount equal to the difference between the amount paid under Subsection (c) and the amount of the judgment. The taxing unit shall issue a receipt for a payment received under this subsection and shall distribute the amount received to each taxing unit that participated in the judgment and sale in an amount proportional to the unit's share of the total amount of the aggregate judgments of the participating taxing units. The owner of the property shall deliver the receipt received from the taxing unit to the person from whom the property is redeemed.

(e) The owner of real property sold at a tax sale other than property that was used as the residence homestead of the owner or that was land designated for agricultural use when the suit or the application for the warrant was filed, or that is a mineral interest, may redeem the property in the same manner and by paying the

same amounts as prescribed by Subsection (a), (b), (c), or (d), as applicable, except that:

(1) the owner's right of redemption may be exercised not later than the 180th day following the date on which the purchaser's or taxing unit's deed is filed for record; and

(2) the redemption premium payable by the owner to a purchaser other than a taxing unit may not exceed 25 percent.

(f) The owner of real property sold at a tax sale may redeem the real property by paying the required amount as prescribed by this section to the assessor-collector for the county in which the property was sold, if the owner of the real property makes an affidavit stating:

(1) that the period in which the owner's right of redemption must be exercised has not expired; and

(2) that the owner has made diligent search in the county in which the property is located for the purchaser at the tax sale or for the purchaser at resale, and has failed to find the purchaser, that the purchaser is not a resident of the county in which the property is located, that the owner and the purchaser cannot agree on the amount of redemption money due, or that the purchaser refuses to give the owner a quitclaim deed to the property.

(f-1) An assessor-collector who receives an affidavit and payment under Subsection (f) shall accept that the assertions set out in the affidavit are true and correct. The assessor-collector receiving the payment shall give the owner a signed receipt witnessed by two persons. The receipt, when recorded, is notice to all persons that the property described has been redeemed. The assessor-collector shall on demand pay the money received by the assessor-collector to the purchaser. An assessor-collector is not liable to any person for performing the assessor-collector's duties under this subsection in reliance on the assertions contained in an affidavit.

(g) In this section:

(1) “Land designated for agricultural use” means land for which an application for appraisal under Subchapter C or D, Chapter 23,2 has been finally approved.

(2) “Costs” includes:

(A) the amount reasonably spent by the purchaser for maintaining, preserving, and safekeeping the property, including the cost of:

(i) property insurance;

(ii) repairs or improvements required by a local ordinance or building code or by a lease of the property in effect on the date of the sale;

(iii) discharging a lien imposed by a municipality to secure expenses incurred by the municipality in remedying a health or safety hazard on the property;

(iv) dues or assessments for maintenance paid to a property owners' association under a recorded restrictive covenant to which the property is subject; and

(v) impact or standby fees imposed under the Local Government Code or Water Code and paid to a political subdivision; and

(B) if the purchaser is a taxing unit to which the property is bid off under Section 34.01, personnel and overhead costs reasonably incurred by the purchaser in connection with maintaining, preserving, safekeeping, managing, and reselling the property.

(3) “Purchaser” includes a taxing unit to which property is bid off under Section 34.01.

(4) “Residence homestead” has the meaning assigned by Section 11.13.

(h) The right of redemption does not grant or reserve in the former owner of the real property the right to the use or possession of the property, or to receive rents, income, or other benefits from the property while the right of redemption exists.

(i) The owner of property who is entitled to redeem the property under this section may request that the purchaser of the property, or the taxing unit to which the property was bid off, provide that owner a written itemization of all amounts spent by the purchaser or taxing unit in costs on the property. The owner must make the request in writing and send the request to the purchaser at the address shown for the purchaser in the purchaser's deed for the property, or to the business address of the collector for the taxing unit, as applicable. The purchaser or the collector shall

itemize all amounts spent on the property in costs and deliver the itemization in writing to the owner not later than the 10th day after the date the written request is received. Delivery of the itemization to the owner may be made by depositing the document in the United States mail, postage prepaid, addressed to the owner at the address provided in the owner's written request. Only those amounts included in the itemization provided to the owner may be allowed as costs for purposes of redemption.

(j) A quitclaim deed to an owner redeeming property under this section is not notice of an unrecorded instrument. The grantee of a quitclaim deed and a successor or assign of the grantee may be a bona fide purchaser in good faith for value under recording laws.

(k) The inclusion of dues and assessments for maintenance paid to a property owners' association within the definition of "costs" under Subsection (g) may not be construed as:

(1) a waiver of any immunity to which a taxing unit may be entitled from a suit or from liability for those dues or assessments; or

(2) authority for a taxing unit to make an expenditure of public funds in violation of Section 50, 51, or 52(a), Article III, or Section 3, Article XI, Texas Constitution.

(l) An owner of real property who is entitled to redeem the property under this section may not transfer the owner's right of redemption to another person. Any instrument purporting to transfer the owner's right of redemption is void.

Effective: Immediately upon signing

SECTION 2. The change in law made by this Act does not affect a transfer of a property owner 's right of redemption that occurred before the effective date of this Act.

§ 41.03

As amended by H.B. 492

Section 6: Section 41.03**(a), Tax Code, is amended** to read as follows:

§ 41.03. Challenge by Taxing Unit

(a) A taxing unit is entitled to challenge before the appraisal review board:

(1) the level of appraisals of any category of property in the district or in any territory in the district, but not the appraised value of a single taxpayer 's property;

(2) an exclusion of property from the appraisal records;

(3) a grant in whole or in part of a partial exemption, **other than an exemption under Section 11.35**;

(4) a determination that land qualifies for appraisal as provided by Subchapter C, D, E, or H, Chapter 23; or

(5) a failure to identify the taxing unit as one in which a particular property is taxable.

(b) If a taxing unit challenges a determination that land qualifies for appraisal under Subchapter H, Chapter 23, on the ground that the land is not located in an aesthetic management zone, critical wildlife habitat zone, or streamside management zone, the taxing unit must first seek a determination letter from the director of the Texas Forest Service. The appraisal review board shall accept the letter as conclusive proof of the type, size, and location of the zone.

Effective: January 1, 2020 ("only if the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, authorizing the legislature to provide for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property damaged by a disaster is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.")

As amended by S.B. 2

SECTION 60. Section 41.03**(a), Tax Code, is amended** to read as follows:

§ 41.03. Challenge by Taxing Unit

(a) A taxing unit is entitled to challenge before the appraisal review board:

(1) ~~[the level of appraisals of any category of property in the district or in any territory in the district, but not the appraised value of a single taxpayer's property;~~

~~[(2)]~~ an exclusion of property from the appraisal records;

(2) ~~[(3)]~~ a grant in whole or in part of a partial exemption;

(3) ~~[(4)]~~ a determination that land qualifies for appraisal as provided by Subchapter C, D, E, or H, Chapter 23; or

(4) ~~[(5)]~~ failure to identify the taxing unit as one in which a particular property is taxable.

(b) If a taxing unit challenges a determination that land qualifies for appraisal under Subchapter H, Chapter 23, on the ground that the land is not located in an aesthetic management zone, critical wildlife habitat zone, or streamside management zone, the taxing unit must first seek a determination letter from the director of the Texas Forest Service. The appraisal review board shall accept the letter as conclusive proof of the type, size, and location of the zone.

Effective: January 1, 2020

SECTION 109. Section 41.03(a), Tax Code, as amended by this Act, applies only to a challenge under Chapter 41, Tax Code, for which a challenge petition is filed on or after January 1, 2020. A challenge under Chapter 41, Tax Code, for which a challenge petition was filed before January 1, 2020, is governed by the law in effect on the date the challenge petition was filed, and the former law is continued in effect for that purpose.

SECTION 120.This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 41.41

As amended by H.B. 492

SECTION 7. Section 41.41, Tax Code, is amended by **adding Subsection (c)** to read as follows:

§ 41.41. Right of Protest

(a) A property owner is entitled to protest before the appraisal review board the following actions:

(1) determination of the appraised value of the owner's property or, in the case of land appraised as provided by Subchapter C, D, E, or H, Chapter 23,1 determination of its appraised or market value;

(2) unequal appraisal of the owner's property;

(3) inclusion of the owner's property on the appraisal records;

(4) denial to the property owner in whole or in part of a partial exemption;

(5) determination that the owner's land does not qualify for appraisal as provided by Subchapter C, D, E, or H, Chapter 23;

(6) identification of the taxing units in which the owner's property is taxable in the case of the appraisal district's appraisal roll;

(7) determination that the property owner is the owner of property;

(8) a determination that a change in use of land appraised under Subchapter C, D, E, or H, Chapter 23, has occurred; or

(9) any other action of the chief appraiser, appraisal district, or appraisal review board that applies to and adversely affects the property owner.

(b) Each year the chief appraiser for each appraisal district shall publicize in a manner reasonably designed to notify all residents of the district:

(1) the provisions of this section; and

(2) the method by which a property owner may protest an action before the appraisal review board.

(c) Notwithstanding Subsection (a), a property owner is entitled to protest before the appraisal review board only the following actions of the chief appraiser in relation to an exemption under Section 11.35:

(1) the modification or denial of an application for an exemption under that section; or

(2) the determination of the appropriate damage assessment rating for an item of qualified property under that section.

Effective January 1, 2020 ("only if the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, authorizing the legislature to provide for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property damaged by a disaster is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.")

As amended by H.B. 1313

Section 3 Section 41.41, Tax Code, is amended by **adding Subsection (c)** to read as follows:

§ 41.41. Right of Protest

(a) A property owner is entitled to protest before the appraisal review board the following actions:

(1) determination of the appraised value of the owner's property or, in the case of land appraised as provided by Subchapter C, D, E, or H, Chapter 23,1 determination of its appraised or market value;

(2) unequal appraisal of the owner's property;

(3) inclusion of the owner's property on the appraisal records;

(4) denial to the property owner in whole or in part of a partial exemption;

(5) determination that the owner's land does not qualify for appraisal as provided by Subchapter C, D, E, or H, Chapter 23;

(6) identification of the taxing units in which the owner's property is taxable in the case of the appraisal district's appraisal roll;

(7) determination that the property owner is the owner of property;

(8) a determination that a change in use of land appraised under Subchapter C, D, E, or H, Chapter 23, has occurred; or

(9) any other action of the chief appraiser, appraisal district, or appraisal review board that applies to and adversely affects the property owner.

(b) Each year the chief appraiser for each appraisal district shall publicize in a manner reasonably designed to notify all residents of the district:

(1) the provisions of this section; and

(2) the method by which a property owner may protest an action before the appraisal review board.

(c) An appraisal district or the appraisal review board for an appraisal district may not require a property owner to pay a fee in connection with a protest filed by the owner with the board.

Effective: January 1, 2020

SECTION 4. This Act applies only to a tax year beginning on or after the effective date of this Act.

§ 41.44

H.B. 492

Section 8: Section 41.44**(a), Tax Code, is amended** to read as follows:

§ 41.44. Notice of Protest

(a) Except as provided by Subsections (b), (c), (c-1), and c-2), to be entitled to a hearing and determination of a protest, the property owner initiating the protest

must file a written notice of the protest with the appraisal review board having authority to hear the matter protested:

(1) not later than May 15 or the 30th day after the date that notice to the property owner was delivered to the property owner as provided by Section 25.19, whichever is later;

(2) in the case of a protest of a change in the appraisal records ordered as provided by Subchapter A of this chapter or by Chapter 25, not later than the 30th day after the date notice of the change is delivered to the property owner;

(3) in the case of a determination that a change in the use of land appraised under Subchapter C, D, E, or H, Chapter 23, has occurred, not later than the 30th day after the date the notice of the determination is delivered to the property owner; [~~or~~]

(4) in the case of a determination of eligibility for a refund under Section 23.1243, not later than the 30th day after the date the notice of the determination is delivered to the property owner**; or**

(5) in the case of a protest of the modification or denial of an application for an exemption under Section 11.35, or the determination of an appropriate damage assessment rating for an item of qualified property under that section, not later than the 30th day after the date the property owner receives the notice required under Section 11.45(e).

(b) A property owner who files his notice of protest after the deadline prescribed by Subsection (a) of this section but before the appraisal review board approves the appraisal records is entitled to a hearing and determination of the protest if he shows good cause as determined by the board for failure to file the notice on time.

(c) A property owner who files notice of a protest authorized by Section 41.411 is entitled to a hearing and determination of the protest if the property owner files the notice prior to the date the taxes on the property to which the notice applies become delinquent. An owner of land who files a notice of protest under Subsection (a)(3) is entitled to a hearing and determination of the protest without regard to whether the appraisal records are approved.

(c-1) A property owner who files a notice of protest after the deadline prescribed by Subsection (a) but before the taxes on the property to which the notice applies

become delinquent is entitled to a hearing and determination of the protest if the property owner was continuously employed in the Gulf of Mexico, including employment on an offshore drilling or production facility or on a vessel, for a period of not less than 20 days during which the deadline prescribed by Subsection (a) passed, and the property owner provides the appraisal review board with evidence of that fact through submission of a letter from the property owner's employer or supervisor or, if the property owner is self-employed, a sworn affidavit.

(c-2) A property owner who files a notice of protest after the deadline prescribed by Subsection (a) but before the taxes on the property to which the notice applies become delinquent is entitled to a hearing and determination of the protest if the property owner was serving on full-time active duty in the United States armed forces outside the United States on the day on which the deadline prescribed by Subsection (a) passed and the property owner provides the appraisal review board with evidence of that fact through submission of a valid military identification card from the United States Department of Defense and a deployment order.

(c-3) Notwithstanding Subsection (c), a property owner who files a protest under Section 41.411 on or after the date the taxes on the property to which the notice applies become delinquent, but not later than the 125th day after the property owner, in the protest filed, claims to have first received written notice of the taxes in question, is entitled to a hearing solely on the issue of whether one or more taxing units timely delivered a tax bill. If at the hearing the appraisal review board determines that all of the taxing units failed to timely deliver a tax bill, the board shall determine the date on which at least one taxing unit first delivered written notice of the taxes in question, and for the purposes of this section the delinquency date is postponed to the 125th day after that date.

Effective: January 1, 2020 (“only if the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, authorizing the legislature to prove for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property damaged by a disaster is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.”)

S.B. 2

SECTION 61. Section 41.44**(d), Tax Code, is amended** to read as follows:

(d) A notice of protest is sufficient if it identifies the protesting property owner, including a person claiming an ownership interest in the property even if that person is not listed on the appraisal records as an owner of the property, identifies the property that is the subject of the protest, and indicates apparent dissatisfaction with some determination of the appraisal office. The notice need not be on an official form, but the comptroller shall prescribe a form that provides for more detail about the nature of the protest. The form must permit a property owner to include each property in the appraisal district that is the subject of a protest. **The form must permit a property owner to request that the protest be heard by a special panel established under Section 6.425 if the protest will be determined by an appraisal review board to which that section applies and the property is included in a classification described by Section 6.425(b).** The comptroller, each appraisal office, and each appraisal review board shall make the forms readily available and deliver one to a property owner on request.

(e) Notwithstanding any other provision of this section, a notice of protest may not be found to be untimely or insufficient based on a finding of incorrect ownership if the notice:

(1) identifies as the property owner a person who is, for the tax year at issue:

(A) an owner of the property at any time during the tax year;

(B) the person shown on the appraisal records as the owner of the property, if that person filed the protest;

(C) a lessee authorized to file a protest; or

(D) an affiliate of or entity related to a person described by this subdivision; or

(2) uses a misnomer of a person described by Subdivision (1).

Effective: September 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 41.45

S.B. 2

SECTION 62. Section 41.45, Tax Code, is amended by **amending Subsection (d)** and **adding Subsections (d-1), (d-2), and (d-3)** to read as follows:

§ 41.45. Hearing on Protest

(a) On the filing of a notice as required by Section 41.44, the appraisal review board shall schedule a hearing on the protest. If more than one protest is filed relating to the same property, the appraisal review board shall schedule a single hearing on all timely filed protests relating to the property. A hearing for a property that is owned in undivided or fractional interests, including separate interests in a mineral in place, shall be scheduled to provide for participation by all owners who have timely filed a protest.

(b) A property owner initiating a protest is entitled to appear to offer evidence or argument. A property owner may offer evidence or argument by affidavit without personally appearing and may appear by telephone conference call to offer argument. A property owner who appears by telephone conference call must offer any evidence by affidavit. A property owner must submit an affidavit described by this subsection to the board hearing the protest before the board begins the hearing on the protest. On receipt of an affidavit, the board shall notify the chief appraiser. The chief appraiser may inspect the affidavit and is entitled to a copy on request.

(b-1) An appraisal review board shall conduct a hearing on a protest by telephone conference call if:

(1) the property owner notifies the board that the property owner intends to appear by telephone conference call in the owner's notice of protest or by

written notice filed with the board not later than the 10th day before the date of the hearing; or

(2) the board proposes that the hearing be conducted by telephone conference call and the property owner agrees to the hearing being conducted in that manner.

(b-2) If a property owner elects to have a hearing on a protest conducted by telephone conference call, the appraisal review board shall:

(1) provide a telephone number for the property owner to call to participate in the hearing; and

(2) hold the hearing in a location equipped with telephone equipment that allows each board member and the other parties to the protest who are present at the hearing to hear the property owner offer argument.

(b-3) A property owner is responsible for providing access to a hearing on a protest conducted by telephone conference call to another person that the owner invites to participate in the hearing.

(c) The chief appraiser shall appear at each protest hearing before the appraisal review board to represent the appraisal office.

(d) **This subsection does not apply to a special panel established under Section 6.425.** An appraisal review board consisting of more than three members may sit in panels of not fewer than three members to conduct protest hearings. ~~[However, the determination of a protest heard by a panel must be made by the board.]~~ If the recommendation of a panel is not accepted by the board, the board may refer the matter for rehearing to a panel composed of members who did not hear the original **protest** ~~[hearing]~~ or, if there are not at least three members who did not hear the original protest, the board may determine the protest. ~~[Before determining a protest or conducting a rehearing before a new panel or the board, the board shall deliver notice of the hearing or meeting to determine the protest in accordance with the provisions of this subchapter.]~~

(d-1) An appraisal review board to which Section 6.425 applies shall sit in special panels established under that section to conduct protest hearings. A special panel may conduct a protest hearing relating to property only if the property is described by Section 6.425(b) and the property owner has requested that a special panel conduct the hearing or if the protest is assigned

to the special panel under Section 6.425(f). If the recommendation of a special panel is not accepted by the board, the board may refer the matter for rehearing to another special panel composed of members who did not hear the original protest or, if there are not at least three other special panel members who did not hear the original protest, the board may determine the protest.

(d-2) The determination of a protest heard by a panel under Subsection (d) or (d-1) must be made by the board.

(d-3) The board must deliver notice of a hearing or meeting to determine a protest heard by a panel, or to rehear a protest, under Subsection (d) or (d-1) in accordance with the provisions of this subchapter.

(e) On request made to the appraisal review board before the date of the hearing, a property owner who has not designated an agent under Section 1.111 to represent the owner at the hearing is entitled to one postponement of the hearing to a later date without showing cause. In addition and without limitation as to the number of postponements, the board shall postpone the hearing to a later date if the property owner or the owner's agent at any time shows good cause for the postponement or if the chief appraiser consents to the postponement. The hearing may not be postponed to a date less than five or more than 30 days after the date scheduled for the hearing when the postponement is sought unless the date and time of the hearing as postponed are agreed to by the chairman of the appraisal review board or the chairman's representative, the property owner, and the chief appraiser. A request by a property owner for a postponement under this subsection may be made in writing, including by facsimile transmission or electronic mail, by telephone, or in person to the appraisal review board, a panel of the board, or the chairman of the board. The chairman or the chairman's representative may take action on a postponement under this subsection without the necessity of action by the full board if the hearing for which the postponement is requested is scheduled to occur before the next regular meeting of the board. The granting by the appraisal review board, the chairman, or the chairman's representative of a postponement under this subsection does not require the delivery of additional written notice to the property owner.

(e-1) A property owner or a person designated by the property owner as the owner's agent to represent the owner at the hearing who fails to appear at the hearing is entitled to a new hearing if the property owner or the owner's agent files, not later than the fourth day after the date the hearing occurred, a written statement

with the appraisal review board showing good cause for the failure to appear and requesting a new hearing.

(e-2) For purposes of Subsections (e) and (e-1), “good cause” means a reason that includes an error or mistake that:

(1) was not intentional or the result of conscious indifference; and

(2) will not cause undue delay or other injury to the person authorized to extend the deadline or grant a rescheduling.

(f) A property owner who has been denied a hearing to which the property owner is entitled under this chapter may bring suit against the appraisal review board by filing a petition or application in district court to compel the board to provide the hearing. If the property owner is entitled to the hearing, the court shall order the hearing to be held and may award court costs and reasonable attorney fees to the property owner.

(g) In addition to the grounds for a postponement under Subsection (e), the board shall postpone the hearing to a later date if:

(1) the owner of the property or the owner's agent is also scheduled to appear at a hearing on a protest filed with the appraisal review board of another appraisal district;

(2) the hearing before the other appraisal review board is scheduled to occur on the same date as the hearing set by the appraisal review board from which the postponement is sought;

(3) the notice of hearing delivered to the property owner or the owner's agent by the other appraisal review board bears an earlier postmark than the notice of hearing delivered by the board from which the postponement is sought or, if the date of the postmark is identical, the property owner or agent has not requested a postponement of the other hearing; and

(4) the property owner or the owner's agent includes with the request for a postponement a copy of the notice of hearing delivered to the property owner or the owner's agent by the other appraisal review board.

(h) Before the hearing on a protest or immediately after the hearing begins, the chief appraiser and the property owner or the owner's agent shall each provide the other with a copy of any written material or material preserved on a portable

device designed to maintain a reproduction of a document or image that the person intends to offer or submit to the appraisal review board at the hearing. Each person must provide the copy of material in the manner and form prescribed by comptroller rule.

(i) To be valid, an affidavit offered under Subsection (b) must be attested to before an officer authorized to administer oaths and include:

(1) the name of the property owner initiating the protest;

(2) a description of the property that is the subject of the protest; and

(3) evidence or argument.

(j) A statement from the property owner that specifies the determination or other action of the chief appraiser, appraisal district, or appraisal review board relating to the subject property from which the property owner seeks relief constitutes sufficient argument under Subsection (i).

(k) The comptroller shall prescribe a standard form for an affidavit offered under Subsection (b). Each appraisal district shall make copies of the affidavit form available to property owners without charge.

(l) A property owner is not required to use the affidavit form prescribed by the comptroller when offering an affidavit under Subsection (b).

(m) If the protest relates to a taxable leasehold or other possessory interest in real property that is owned by this state or a political subdivision of this state, the attorney general or a representative of the state agency that owns the land, if the real property is owned by this state, or a person designated by the political subdivision that owns the real property, as applicable, is entitled to appear at the hearing and offer evidence and argument.

(n) A property owner does not waive the right to appear in person at a protest hearing by submitting an affidavit to the appraisal review board or by electing to appear by telephone conference call. The board may consider an affidavit submitted under this section only if the property owner does not appear in person at the hearing. For purposes of scheduling the hearing, the property owner must state in the affidavit that the property owner does not intend to appear at the hearing or that the property owner intends to appear at the hearing in person or by telephone conference call and that the affidavit may be used only if the property owner does not appear at the hearing in person. If the property owner does not state

in the affidavit whether the owner intends to appear at the hearing and has not elected to appear by telephone conference call, the board shall consider the submission of the affidavit as an indication that the property owner does not intend to appear at the hearing. If the property owner states in the affidavit that the owner does not intend to appear at the hearing or does not state in the affidavit whether the owner intends to appear at the hearing and has not elected to appear by telephone conference call, the board is not required to consider the affidavit at the scheduled hearing and may consider the affidavit at a hearing designated for the specific purpose of processing affidavits.

(o) If the chief appraiser uses audiovisual equipment at a hearing on a protest, the appraisal office shall provide audiovisual equipment of the same general type, kind, and character, as prescribed by comptroller rule, for use during the hearing by the property owner or the property owner's agent.

(p) The comptroller by rule shall prescribe:

(1) the manner and form, including security requirements, in which a person must provide a copy of material under Subsection (h), which must allow the appraisal review board to retain the material as part of the board's hearing record; and

(2) specifications for the audiovisual equipment provided by an appraisal district for use by a property owner or the property owner's agent under Subsection (o).

Effective: September 1, 2020

SECTION 110. Sections 41.45 and 41.66(k), Tax Code, as amended by this Act, and Section 41.66(k-1), Tax Code, as added by this Act, apply only to a protest filed under Chapter 41, Tax Code, on or after January 1, 2021. A protest filed under that chapter before January 1, 2021, is governed by the law in effect on the date the protest was filed, and the former law is continued in effect for that purpose.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 41.46

S.B. 2

SECTION 63. Section 41.46**(a), Tax Code, is amended** to read as follows:

§ 41.46. Notice of Protest Hearing

(a) The appraisal review board before which a protest hearing is scheduled shall deliver written notice to the property owner initiating a protest ~~[of the date, time, and place fixed for the hearing on the protest and of the property owner's entitlement to a postponement of the hearing as provided by Section 41.45 unless the property owner waives in writing notice of the hearing. The board shall deliver the notice not later than the 15th day before the date of the hearing.]~~[13] **not later than the 15th day before the date of the hearing. The notice must include:**

(1) ~~[of]~~ the date, time, and place **of** ~~[fixed for]~~ the hearing;

(2) a description of the subject matter of the hearing that is sufficient to identify the specific action being protested, such as:

(A) the determination of the appraised value of the property owner's property;

(B) the denial to the property owner in whole or in part of a partial exemption; or

(C) the determination that the property owner's land does not qualify for appraisal as provided by Subchapter C, D, E, or H, Chapter 23; and

(3) **a statement that** ~~[on the protest and of]~~ the property **owner is entitled** ~~[owner's entitlement]~~ to a postponement of the hearing as provided by Section 41.45 unless the property owner waives in writing notice of the

[13] Moved to § 41.46(a)(1) and (3).

hearing. ~~[The board shall deliver the notice not later than the 15th day before the date of the hearing.]~~

(b) The board shall give the chief appraiser advance notice of the date, time, place, and subject matter of each protest hearing.

(c) If the protest relates to a taxable leasehold or other possessory interest in real property that is owned by this state or a political subdivision of this state, the board shall deliver notice of the hearing as provided by Subsection (a) to:

(1) the attorney general and the state agency that owns the real property, in the case of real property owned by this state; or

(2) the governing body of the political subdivision, in the case of real property owned by a political subdivision.

Effective: January 1, 2020

SECTION 111. Sections 41.46, 41.461, 41.47, 41.66(h), (i), and (j), and 41.67, Tax Code, as amended by this Act, and Sections 41.66(j-1), (j-2), and (p), Tax Code, as added by this Act, apply only to a protest for which the notice of protest was filed by a property owner or the designated agent of the owner with the appraisal review board established for an appraisal district on or after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

H.B. 1060

SECTION 2. Section 41.46, Tax Code, is amended **by adding Subsections (d) and (e)** to read as follows:

(d) The appraisal review board shall deliver notice of the hearing by certified mail if, in the notice of protest under Section 41.44, the property owner requests delivery by certified mail. The board may require the property owner to pay the cost of postage under this subsection.

(e) Notwithstanding Section 1.085, the appraisal review board shall deliver notice of the hearing by electronic mail if, in the notice of protest under

Section 41.44, the property owner requests delivery by electronic mail and provides a valid electronic mail address.

Effective: September 1, 2019

§ 41.461

S.B. 2

SECTION 64. Section 41.461, Tax Code, **is amended** to read as follows:

Sec. 41.461. NOTICE OF CERTAIN MATTERS BEFORE HEARING**; DELIVERY OF REQUESTED INFORMATION.**

(a) At least 14 days before a hearing on a protest, the chief appraiser shall:

(1) deliver a copy of the pamphlet prepared by the comptroller under Section **5.06** ~~[5.06(a)]~~ to the property owner initiating the protest ~~[if the owner is representing himself]~~, or to an agent representing the owner if requested by the agent;

(2) inform the property owner that the owner or the agent of the owner **is entitled on request to** ~~[may inspect and may obtain]~~ a copy of the data, schedules, formulas, and all other information the chief appraiser **will** ~~[plans to]~~ introduce at the hearing to establish any matter at issue; and

(3) deliver a copy of the hearing procedures established by the appraisal review board under Section 41.66 to the property owner.

(b) The **chief appraiser may not** charge **a property owner or the designated agent of the owner** for copies provided to **the** ~~[an]~~ owner or **designated** agent under this section, **regardless of the manner in which the copies are prepared or delivered** ~~[may not exceed the charge for copies of public information as provided under Subchapter F, Chapter 552, Government Code, except:~~

~~[(1) the total charge for copies provided in connection with a protest of the appraisal of residential property may not exceed $15 for each residence; and~~

~~[(2) the total charge for copies provided in connection with a protest of the appraisal of a single unit of property subject to appraisal, other than residential property, may not exceed $25].~~

(c) A chief appraiser shall deliver information requested by a property owner or the agent of the owner under Subsection (a)(2):

(1) by regular first-class mail, deposited in the United States mail, postage prepaid, and addressed to the property owner or agent at the address provided in the request for the information;

(2) in an electronic format as provided by an agreement under Section 1.085; or

(3) subject to Subsection (d), by referring the property owner or the agent of the owner to a secure Internet website with user registration and authentication or to the exact Internet location or uniform resource locator (URL) address on an Internet website maintained by the appraisal district on which the requested information is identifiable and readily available.

(d) If a chief appraiser provides a property owner or the designated agent of the owner information under Subsection (c)(3), the notice must contain a statement in a conspicuous font that clearly indicates that the property owner or the agent of the owner may on request receive the information by regular first-class mail or in person at the appraisal office. On request by a property owner or the agent of the owner, the chief appraiser must provide the information by regular first-class mail or in person at the appraisal office.

Effective: January 1, 2020

SECTION 111. Sections 41.46, 41.461, 41.47, 41.66(h), (i), and (j), and 41.67, Tax Code, as amended by this Act, and Sections 41.66(j-1), (j-2), and (p), Tax Code, as added by this Act, apply only to a protest for which the notice of protest was filed by a property owner or the designated agent of the owner with the appraisal review board established for an appraisal district on or after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 41.47

As amended by S.B. 2

SECTION 65. Section 41.47, Tax Code, is amended by **adding Subsections (c-2), (f), and (g)** and **amending Subsections (d) and (e)** to read as follows:

§ 41.47. Determination of Protest

(a) The appraisal review board hearing a protest shall determine the protest and make its decision by written order.

(b) If on determining a protest the board finds that the appraisal records are incorrect in some respect raised by the protest, the board by its order shall correct the appraisal records by changing the appraised value placed on the protesting property owner's property or by making the other changes in the appraisal records that are necessary to conform the records to the requirements of law. If the appraised value of a taxable property interest, other than an interest owned by a public utility or by a cooperative corporation organized to provide utility service, is changed as the result of a protest or challenge, the board shall change the appraised value of all other interests, other than an interest owned by a public utility or by a cooperative corporation organized to provide utility service, in the same property, including a mineral in place, in proportion to the ownership interests.

(c) If the protest is of the determination of the appraised value of the owner's property, the appraisal review board must state in the order the appraised value of the property:

(1) as shown in the appraisal records submitted to the board by the chief appraiser under Section 25.22 or 25.23; and

(2) as finally determined by the board.

(c-1) If, in the case of a determination of eligibility for a refund requested under Section 23.1243, the appraisal review board determines that the dealer is entitled to a refund in excess of the amount, if any, to which the chief appraiser determined the dealer to be entitled, the board shall order the chief appraiser to deliver written notice of the board's determination to the collector and the dealer in the manner provided by Section 23.1243(c).

(c-2) The board may not determine the appraised value of the property that is the subject of a protest to be an amount greater than the appraised value of the property as shown in the appraisal records submitted to the board by the chief appraiser under Section 25.22 or 25.23, except as requested and agreed to by the property owner. This subsection does not apply if the action being protested is the cancellation, modification, or denial of an exemption or the determination that the property does not qualify for appraisal as provided by Subchapter C, D, E, or H, Chapter 23.

(d) The board shall deliver by certified mail ~~[a notice of issuance of the order and a copy of the order to the property owner and the chief appraiser.]~~:

(1) a notice of issuance of the order and a copy of the order to the property owner and the chief appraiser**; and**

(2) a copy of the appraisal review board survey prepared under Section 5.104 and instructions for completing and submitting the survey to the property owner.

(e) The notice of the issuance of the order must contain a prominently printed statement in upper-case bold lettering informing the property owner in clear and concise language of the property owner's right to appeal the **order of the board** ~~[board's decision]~~ to district court. The statement must describe the deadline prescribed by Section 42.06(a) ~~[of this code]~~ for filing a written notice of appeal~~[,]~~ and the deadline prescribed by Section 42.21(a) ~~[of this code]~~ for filing the petition for review with the district court.

(f) The appraisal review board shall take the actions required by Subsections (a) and (d) not later than:

(1) the 30th day after the date the hearing on the protest is concluded, if the board is established for an appraisal district located in a county with a population of less than four million; or

(2) the 45th day after the date the hearing on the protest is concluded, if the board is established for an appraisal district located in a county with a population of four million or more.

(g) The chief appraiser and the property owner or the designated agent of the owner may file a joint motion with the appraisal review board notifying the board that the chief appraiser and the property owner or the designated agent of the owner have agreed to a disposition of the protest and requesting the board to issue an agreed order. The joint motion must contain the terms of the disposition of the protest. The board shall issue the agreed order not later than the fifth day after the date on which the joint motion is filed with the board. The chief appraiser and the property owner or the designated agent of the owner may provide in the joint motion that the agreed order is appealable in the same manner as any other order issued by the board under this section.

Effective: January 1, 2020

SECTION 111. Sections 41.46, 41.461, 41.47, 41.66(h), (i), and (j), and 41.67, Tax Code, as amended by this Act, and Sections 41.66(j-1), (j-2), and (p), Tax Code, as added by this Act, apply only to a protest for which the notice of protest was filed by a property owner or the designated agent of the owner with the appraisal review board established for an appraisal district on or after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

As amended by S.B. 2531

SECTION 1. Section 41.47, Tax Code, is amended by **adding Subsection (f)** to read as follows:

(f) The chief appraiser and the property owner or the designated agent of the owner may file a joint motion with the appraisal review board notifying the board that the chief appraiser and the property owner or the designated agent of the owner have agreed to a disposition of the protest and requesting the

board to issue an agreed order. The joint motion must contain the terms of the disposition of the protest. The chairman of the board shall issue the agreed order not later than the fifth day after the date on which the joint motion is filed with the board. If the chairman is unable to issue the agreed order within the five-day period, the board shall issue the agreed order not later than the 30th day after the date on which the joint motion is filed with the board. The chief appraiser and the property owner or the designated agent of the owner may provide in the joint motion that the agreed order is appealable in the same manner as any other order issued by the board under this section.

Effective: January 1, 2020

SECTION 2. This Act applies only to a protest filed under Chapter 41, Tax Code, on or after the effective date of this Act. A protest filed under that chapter before the effective date of this Act is governed by the law in effect on the date the protest was filed, and the former law is continued in effect for that purpose.

§ 41.66

S.B. 2

SECTION 66. Section 41.66, Tax Code, is amended by **amending Subsections (h), (i), (j), and (k)** and **adding Subsections (j-1), (j-2), (k-1), and (p)** to read as follows:

§ 41.66. Hearing Procedures

(a) The appraisal review board shall establish by rule the procedures for hearings it conducts as provided by Subchapters A and C of this chapter.1 On request made by a property owner in the owner's notice of protest or in a separate writing delivered to the appraisal review board on or before the date the notice of protest is filed, the

property owner is entitled to a copy of the hearing procedures. The copy of the hearing procedures shall be delivered to the property owner not later than the 10th day before the date the hearing on the protest begins and may be delivered with the notice of the protest hearing required under Section 41.46(a). The notice of protest form prescribed by the comptroller under Section 41.44(d) or any other notice of protest form made available to a property owner by the appraisal review board or the appraisal office shall provide the property owner an opportunity to make or decline to make a request under this subsection. The appraisal review board shall post a copy of the hearing procedures in a prominent place in the room in which the hearing is held.

(b) Hearing procedures to the greatest extent practicable shall be informal. Each party to a hearing is entitled to offer evidence, examine or cross-examine witnesses or other parties, and present argument on the matters subject to the hearing. A property owner who is a party to a protest is entitled to elect to present the owner's case at a hearing on the protest either before or after the appraisal district presents the district's case.

(c) A property owner who is entitled as provided by this chapter to appear at a hearing may appear by himself or by his agent. A taxing unit may appear by a designated agent.

(d) Except as provided by Subsection (d-1), hearings conducted as provided by this chapter are open to the public.

(d-1) Notwithstanding Chapter 551, Government Code, the appraisal review board shall conduct a hearing that is closed to the public if the property owner or the chief appraiser intends to disclose proprietary or confidential information at the hearing that will assist the review board in determining the protest. The review board may hold a closed hearing under this subsection only on a joint motion by the property owner and the chief appraiser.

(d-2) Information described by Subsection (d-1) is considered information obtained under Section 22.27.

(e) The appraisal review board may not consider any appraisal district information on a protest that was not presented to the appraisal review board during the protest hearing.

(f) A member of the appraisal review board may not communicate with another person concerning:

(1) the evidence, argument, facts, merits, or any other matters related to an owner's protest, except during the hearing on the protest; or

(2) a property that is the subject of the protest, except during a hearing on another protest or other proceeding before the board at which the property is compared to other property or used in a sample of properties.

(g) At the beginning of a hearing on a protest, each member of the appraisal review board hearing the protest must sign an affidavit stating that the board member has not communicated with another person in violation of Subsection (f). If a board member has communicated with another person in violation of Subsection (f), the member must be recused from the proceeding and may not hear, deliberate on, or vote on the determination of the protest. The board of directors of the appraisal district shall adopt and implement a policy concerning the temporary replacement of an appraisal review board member who has communicated with another person in violation of Subsection (f).

(h) The appraisal review board shall postpone a hearing on a protest if the property owner or **the designated agent of the owner** requests additional time to prepare for the hearing and establishes to the board that the chief appraiser failed to comply with Section 41.461. The board is not required to postpone a hearing more than one time under this subsection.

(i) A hearing on a protest filed by a property owner **or the designated agent of the owner** ~~[who is not represented by an agent designated under Section 1.111]~~ shall be set for a time and date certain. If the hearing is not commenced within two hours of the time set for the hearing, the appraisal review board shall postpone the hearing on the request of the property owner **or the designated agent of the owner.**

(j) On the request of a property owner or the ~~[a]~~ designated agent **of the owner**, an appraisal review board shall schedule hearings on protests concerning up to 20 designated properties **to be held consecutively** on the same day. The designated properties must be identified in the same notice of protest, and the notice must contain in boldfaced type the statement "request for same-day protest hearings." A property owner or **the** designated agent **of the owner** may [not] file more than one request under this subsection with the appraisal review board in the same tax year. The appraisal review board may schedule hearings on protests concerning more than 20 properties filed by the same property owner or **the** designated agent **of the owner** and may use different panels to conduct the hearings based on the board's

customary scheduling. The appraisal review board may follow the practices customarily used by the board in the scheduling of hearings under this subsection.

(j-1) An appraisal review board may schedule the hearings on all protests filed by a property owner or the designated agent of the owner to be held consecutively. The notice of the hearings must state the date and time that the first hearing will begin, state the date the last hearing will end, and list the order in which the hearings will be held. The order of the hearings listed in the notice may not be changed without the agreement of the property owner or the designated agent of the owner, the chief appraiser, and the appraisal review board. The board may not reschedule a hearing for which notice is given under this subsection to a date earlier than the seventh day after the date the last hearing was scheduled to end unless agreed to by the property owner or the designated agent of the owner, the chief appraiser, and the appraisal review board. Unless agreed to by the parties, the board must provide written notice of the date and time of the rescheduled hearing to the property owner or the designated agent of the owner not later than the seventh day before the date of the hearing.

(j-2) An appraisal review board must schedule a hearing on a protest filed by a property owner who is 65 years of age or older, disabled, a military service member, a military veteran, or the spouse of a military service member or military veteran before scheduling a hearing on a protest filed by a designated agent of a property owner.

(k) **This subsection does not apply to a special panel established under Section 6.425.** If an appraisal review board sits in panels to conduct protest hearings, protests shall be randomly assigned to panels, except that the board may consider the type of property subject to the protest or the ground of the protest for the purpose of using the expertise of a particular panel in hearing protests regarding particular types of property or based on particular grounds. If a protest is scheduled to be heard by a particular panel, the protest may not be reassigned to another panel without the consent of the property owner or **the** designated agent **of the owner**. If the appraisal review board has cause to reassign a protest to another panel, a property owner or **the** designated agent **of the owner** may agree to reassignment of the protest or may request that the hearing on the protest be postponed. The board shall postpone the hearing on that request. A change of members of a panel because of a conflict of interest, illness, or inability to continue

participating in hearings for the remainder of the day does not constitute reassignment of a protest to another panel.

(k-1) On the request of a property owner or the designated agent of the owner, an appraisal review board to which Section 6.425 applies shall assign a protest relating to property described by Section 6.425(b) to a special panel. In addition, the chairman of the appraisal review board may assign a protest relating to property not described by Section 6.425(b) to a special panel as authorized by Section 6.425(f), but only if the assignment is requested or consented to by the property owner or the designated agent of the owner. Protests assigned to special panels shall be randomly assigned to those panels. If a protest is scheduled to be heard by a particular special panel, the protest may not be reassigned to another special panel without the consent of the property owner or the designated agent of the owner. If the board has cause to reassign a protest to another special panel, a property owner or the designated agent of the owner may agree to reassignment of the protest or may request that the hearing on the protest be postponed. The board shall postpone the hearing on that request. A change of members of a special panel because of a conflict of interest, illness, or inability to continue participating in hearings for the remainder of the day does not constitute reassignment of a protest to another special panel.

(l) A property owner, attorney, or agent offering evidence or argument in support of a protest brought under Section 41.41(a)(1) or (2) of this code is not subject to Chapter 1103, Occupations Code, unless the person offering the evidence or argument states that the person is offering evidence or argument as a person holding a license or certificate under Chapter 1103, Occupations Code. A person holding a license or certificate under Chapter 1103, Occupations Code, shall state the capacity in which the person is appearing before the appraisal review board.

(m) An appraisal district or appraisal review board may not make decisions with regard to membership on a panel or chairmanship of a panel based on a member's voting record in previous protests.

(n) A request for postponement of a hearing must contain the mailing address and e-mail address of the person requesting the postponement. An appraisal review board shall respond in writing or by e-mail to a request for postponement of a hearing not later than the seventh day after the date of receipt of the request.

(o) The chairman of an appraisal review board or a member designated by the chairman may make decisions with regard to the scheduling or postponement of a hearing. The chief appraiser or a person designated by the chief appraiser may agree to a postponement of an appraisal review board hearing.

(p) At the end of a hearing on a protest, the appraisal review board shall provide the property owner or the designated agent of the owner one or more documents indicating that the members of the board hearing the protest signed the affidavit required by Subsection (g).

Effective: January 1 2020 for everything except as follows; September 1, 2020 for 41.66(k) and (k-1)

SECTION 110. Sections 41.45 and 41.66(k), Tax Code, as amended by this Act, and Section 41.66(k-1), Tax Code, as added by this Act, apply only to a protest filed under Chapter 41, Tax Code, on or after January 1, 2021. A protest filed under that chapter before January 1, 2021, is governed by the law in effect on the date the protest was filed, and the former law is continued in effect for that purpose.

SECTION 111. Sections 41.46, 41.461, 41.47, 41.66(h), (i), and (j), and 41.67, Tax Code, as amended by this Act, and Sections 41.66(j-1), (j-2), and (p), Tax Code, as added by this Act, apply only to a protest for which the notice of protest was filed by a property owner or the designated agent of the owner with the appraisal review board established for an appraisal district on or after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 41.67

S.B. 2

SECTION 67. Section 41.67**(d), Tax Code, is amended** to read as follows:

§ 41.67. Evidence

(a) A member of the appraisal review board may swear witnesses who testify in proceedings under this chapter. All testimony must be given under oath.

(b) Documentary evidence may be admitted in the form of a copy if the appraisal review board conducting the proceeding determines that the original document is not readily available. A party is entitled to an opportunity to compare a copy with the original document on request.

(c) Official notice may be taken of any fact judicially cognizable. A party is entitled to an opportunity to contest facts officially noticed.

(d) Information that was previously requested under Section 41.461 by the protesting party that was not **delivered** [made available] to the protesting party at least 14 days before the scheduled or postponed hearing may not be used **or offered in any form** as evidence in the hearing**, including as a document or through argument or testimony. This subsection does not apply to information offered to rebut evidence or argument presented at the hearing by the protesting party or that party's designated agent**.

Effective: January 1, 2020

SECTION 111. Sections 41.46, 41.461, 41.47, 41.66(h), (i), and (j), and 41.67, Tax Code, as amended by this Act, and Sections 41.66(j-1), (j-2), and (p), Tax Code, as added by this Act, apply only to a protest for which the notice of protest was filed by a property owner or the designated agent of the owner with the appraisal review board established for an appraisal district on or after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 41.71

S.B. 2

SECTION 68. Section 41.71, Tax Code, **is amended** to read as follows:

Sec. 41.71. EVENING AND WEEKEND HEARINGS.

(a) An appraisal review board by rule shall provide for hearings on protests ~~[in the evening or]~~ on a Saturday or **after 5 p.m. on a weekday** ~~[Sunday]~~.

(b) The board may not schedule:

(1) the first hearing on a protest held on a weekday evening to begin after 7 p.m.; or

(2) a hearing on a protest on a Sunday.

Effective: January 1, 2020

SECTION 112. Section 41.71, Tax Code, as amended by this Act, applies only to a hearing on a protest under Chapter 41, Tax Code, that is scheduled on or after January 1, 2020. A hearing on a protest under Chapter 41, Tax Code, that is scheduled before January 1, 2020, is governed by the law in effect on the date the hearing was scheduled, and that law is continued in effect for that purpose.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 41A.03

H.B. 1802

SECTION 1. Section 41A.03**(a), Tax Code, is amended** to read as follows:

§ 41A.03. Request for Arbitration

(a) To appeal an appraisal review board order under this chapter, a property owner must file with the appraisal district not later than the [~~45th~~] **60th** day after the date the property owner receives notice of the order:

(1) a completed request for binding arbitration under this chapter in the form prescribed by Section 41A.04; and

(2) an arbitration deposit made payable to the comptroller in the amount of:

(A) $450, if the property qualifies as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is $500,000 or less, as determined by the order;

(B) $500, if the property qualifies as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is more than $500,000, as determined by the order;

(C) $500, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is $1 million or less, as determined by the order;

(D) $800, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is more than $1 million but not more than $2 million, as determined by the order;

(E) $1,050, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is more than $2 million but not more than $3 million, as determined by the order; or

(F) $1,550, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is more than $3 million but not more than $5 million, as determined by the order.

Effective: Immediately

SECTION 3. This Act applies only to an appeal of an appraisal review board order that a property owner receives notice of on or after the effective date of this Act.

An appeal of an appraisal review board order that a property owner receives notice of before the effective date of this Act is governed by the law in effect immediately before the effective date of this Act, and that law is continued in effect for that purpose.

As amended by S.B. 2

SECTION 69. Section 41A.03**(a-1), Tax Code, is amended** to read as follows:

(a-1) If a property owner requests binding arbitration under this chapter to appeal appraisal review board orders involving two or more **contiguous** tracts of land that are **owned by the property owner** ~~[contiguous to one another]~~, a single arbitration deposit in the amount provided by Subsection (a)(2) is sufficient to satisfy the requirement of Subsection (a)(2). **For purposes of this subsection, "contiguous tracts of land" 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.**

(b) A property owner who fails to strictly comply with this section waives the property owner's right to request arbitration under this chapter. A property owner who appeals an appraisal review board order determining a protest concerning the appraised or market value, as applicable, of the owner's property under Chapter 42 waives the owner's right to request binding arbitration under this chapter regarding the value of that property. An arbitrator shall dismiss any pending arbitration proceeding if the property owner's rights are waived under this subsection.

Effective: January 1, 2020

SECTION 113. Sections 41A.03 and 41A.07, Tax Code, as amended by this Act, apply only to a request for binding arbitration received by the comptroller of public accounts from an appraisal district on or after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

As amended by S.B. 1876

SECTION 1. Section 41A.03**(a-1), Tax Code, is amended** to read as follows:

(a-1) If a property owner requests binding arbitration under this chapter to appeal appraisal review board orders involving two or more **contiguous** tracts of land that are **owned by the property owner** ~~[contiguous to one another]~~, a single arbitration deposit in the amount provided by Subsection (a)(2) is sufficient to satisfy the requirement of Subsection (a)(2). **For purposes of this subsection, "contiguous tracts of land" 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.**

(b) A property owner who fails to strictly comply with this section waives the property owner's right to request arbitration under this chapter. A property owner who appeals an appraisal review board order determining a protest concerning the appraised or market value, as applicable, of the owner's property under Chapter 42 waives the owner's right to request binding arbitration under this chapter regarding the value of that property. An arbitrator shall dismiss any pending arbitration proceeding if the property owner's rights are waived under this subsection.

Effective: Immediately

SECTION 2. The changes in law made by this Act apply only to a request for binding arbitration under Chapter 41A, Tax Code, that is filed on or after the effective date of this Act. A request for binding arbitration under Chapter 41A, Tax Code, that is filed before the effective date of this Act is governed by the law in effect on the date the request is filed, and the former law is continued in effect for that purpose.

§ 41A.05

H.B. 1802

SECTION 2. (a) Section 41A.05, Tax Code, is amended by **amending Subsection (a)** and **adding Subsections (c), (d), and (e)** to read as follows:

§ 41A.05. Processing of Registration Request

(a) Not later than the 10th day after the date an appraisal district receives from a property owner a completed request for binding arbitration under this chapter and an arbitration deposit as required by Section 41A.03, the appraisal district shall:

[~~(1) Certify the Request~~]

[~~(2)~~] **(1)** submit the request and deposit to the comptroller; and

[~~(3)~~] **(2)** request the comptroller to appoint a qualified arbitrator to conduct the arbitration.

(b) The comptroller may retain $50 of the deposit to cover the comptroller's administrative costs.

(c) The comptroller may not reject an application submitted to the comptroller under this section unless:

(1) the comptroller delivers written notice to the applicant of the defect in the application that would be the cause of the rejection; and

(2) the applicant fails to cure the defect on or before the 15th day after the date the comptroller delivers the notice.

(d) An applicant may cure a defect in accordance with Subsection (c) at any time before the expiration of the period provided by that subsection, without regard to the deadline for filing the request for binding arbitration under Section 41A.03(a).

(e) For purposes of this section, a reference to the applicant includes the applicant's representative if the applicant has retained a representative as provided by Section 41A.08 for purposes of representing the applicant in an arbitration proceeding under this chapter.

Effective: Immediately

SECTION 2 . . . (b) Section 41A.05, Tax Code, as amended by this section, applies only to a request for binding arbitration received by the comptroller of public accounts from an appraisal district on or after the effective date of this Act.

SECTION 3. This Act applies only to an appeal of an appraisal review board order that a property owner receives notice of on or after the effective date of this Act. An appeal of an appraisal review board order that a property owner receives notice of before the effective date of this Act is governed by the law in effect immediately before the effective date of this Act, and that law is continued in effect for that purpose.

§ 41A.06

S.B. 2

SECTION 91. The following provisions **are repealed . . . (4) . . . 41A.06(c), Tax Code**

SECTION 70. Section 41A.06**(b), Tax Code, is amended** to read as follows:

§ 41A.06. Registry and Qualification of Arbitrators

(a) The comptroller shall maintain a registry listing the qualified persons who have agreed to serve as arbitrators under this chapter.

(b) To initially qualify to serve as an arbitrator under this chapter, a person must:

(1) meet the following requirements, as applicable:

(A) be licensed as an attorney in this state; or

(B) have:

(i) completed at least 30 hours of training in arbitration and alternative dispute resolution procedures from a university, college, or legal or real estate trade association; and

(ii) been licensed or certified continuously during the five years preceding the date the person agrees to serve as an arbitrator as:

(a) a real estate broker or sales agent under Chapter 1101, Occupations Code;

(b) a real estate appraiser under Chapter 1103, Occupations Code; or

(c) a certified public accountant under Chapter 901, Occupations Code; ~~[and]~~

(2) **complete the courses for training and education of appraisal review board members established under Sections 5.041(a) and (e-1) and be issued a certificate for each course indicating course completion;** ~~[agree to conduct an arbitration for a fee that is not more than:~~

~~(A) $400, if the property qualifies as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is $500,000 or less, as determined by the order;~~

~~(B) $450, if the property qualifies as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is more than $500,000, as determined by the order;~~

~~(C) $450, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is $1 million or less, as determined by the order;~~

~~(D) $750, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is more than $1 million but not more than $2 million, as determined by the order;~~

~~(E) $1,000, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is more than $2 million but not more than $3 million, as determined by the order; or~~

~~(F) $1,500, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as~~

~~applicable, of the property is more than $3 million but not more than $5 million, as determined by the order.]~~[14]

(3) complete the training program on property tax law for the training and education of arbitrators established under Section 5.043; and

(4) agree to conduct an arbitration for a fee that is not more than:

(A) $400, if the property qualifies as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is $500,000 or less, as determined by the order;

(B) $450, if the property qualifies as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is more than $500,000, as determined by the order;

(C) $450, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is $1 million or less, as determined by the order;

(D) $750, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is more than $1 million but not more than $2 million, as determined by the order;

(E) $1,000, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is more than $2 million but not more than $3 million, as determined by the order; or

(F) $1,500, if the property does not qualify as the owner's residence homestead under Section 11.13 and the appraised or market value, as applicable, of the property is more than $3 million but not more than $5 million, as determined by the order.

~~[(c) An arbitrator must complete a training program on property tax law before conducting a hearing on an arbitration relating to the appeal of an appraisal review board order determining a protest filed under Section 41.41(a)(2). The training program must:~~

[14] Moved to § 41A.06(b)(4).

~~(1) emphasize the requirements regarding the equal and uniform appraisal of property;~~

~~(2) be at least four hours in length; and~~

~~(3) be approved by the comptroller.]~~

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 41A.061

S.B. 2

SECTION 71. Sections 41A.061**(b) and (c), Tax Code, are amended** to read as follows:

§ 41A.061. Continued Qualification of Arbitrator; Renewal of Agreement

(a) The comptroller shall include a qualified arbitrator in the registry until the second anniversary of the date the person was added to the registry. To continue to be included in the registry after the second anniversary of the date the person was added to the registry, the person must renew the person's agreement with the comptroller to serve as an arbitrator on or as near as possible to the date on which the person's license or certification issued under Chapter 901, 1101, or 1103, Occupations Code, is renewed.

(b) To renew the person's agreement to serve as an arbitrator, the person must:

(1) file a renewal application with the comptroller at the time and in the manner prescribed by the comptroller;

(2) continue to meet the requirements provided by **Sections 41A.06(b)(1) and (4)** ~~[Section 41A.06(b)]~~; ~~[and]~~

(3) during the preceding two years have completed at least eight hours of continuing education in arbitration and alternative dispute resolution procedures offered by a university, college, real estate trade association, or legal association**; and**

(4) complete a revised training program on property tax law for the training and education of arbitrators established under Section 5.043 not later than the 120th day after the date the program is available to be taken if the comptroller:

(A) revises the program after the person is included in the registry; and

(B) determines that the program is substantially revised.

(c) The comptroller shall remove a person from the registry if:

(1) the person fails or declines to renew the person's agreement to serve as an arbitrator in the manner required by this section; ~~[or]~~

(2) the comptroller determines by clear and convincing evidence that there is good cause to remove the person from the registry, including evidence of repeated bias or misconduct by the person while acting as an arbitrator**; or**

(3) the person fails to complete a revised training program on property tax law for the training and education of arbitrators established under Section 5.043 not later than the 120th day after the date the program is available to be taken if the comptroller:

(A) revises the program after the person is included in the registry; and

(B) determines that the program is substantially revised.

Effective: January 1, 2020

SECTION 114. (a) A person who immediately before January 1, 2020, serves as an arbitrator in binding arbitrations of appeals of appraisal review board orders must meet the requirements of Section 41A.06(b)(3), Tax Code, as added by this Act,

not later than the 120th day after the date the comptroller of public accounts begins to provide the training required under Section 5.043, Tax Code, as added by this Act.

(b) This Act does not prohibit a person who is serving as an arbitrator on January 1, 2020, from renewing the person's agreement with the comptroller of public accounts to serve as an arbitrator if the person has the qualifications required for an arbitrator under the Tax Code as amended by this Act.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 41A.07

S.B. 2

SECTION 72. Section 41A.07, Tax Code, is amended by **amending Subsections (e), (f), and (g)** and **adding Subsection (h)** to read as follows:

§ 41A.07. Appointment of Arbitrator

(a) On receipt of the request and deposit under Section 41A.05, the comptroller shall:

(1) appoint an eligible arbitrator who is listed in the comptroller's registry; and

(2) send notice to the appointed arbitrator requesting the individual to conduct the hearing on the arbitration.

(b) Repealed by Acts 2017, 85th Leg., ch. 744 (S.B. 1286), § 4.

(c) Repealed by Acts 2017, 85th Leg., ch. 744 (S.B. 1286), § 4.

(d) If the arbitrator appointed is unable or unwilling to conduct the arbitration for any reason, the arbitrator shall promptly notify the comptroller that the arbitrator does not accept the appointment and state the reason. The comptroller shall appoint a substitute arbitrator promptly after receipt of the notice.

(e) To be eligible for appointment as an arbitrator under **this section** ~~[Subsection (a)]~~, the arbitrator must reside~~[:~~

~~[(1) in the county in which the property that is the subject of the appeal is located; or~~

~~[(2)]~~ in this state ~~[if no available arbitrator on the registry resides in that county]~~.

(f) A person is not eligible for appointment as an arbitrator under **this section** ~~[Subsection (a)]~~ if at any time during the preceding **two** ~~[five]~~ years, the person has:

(1) represented a person for compensation in a proceeding under this title in the appraisal district in which the property that is the subject of the appeal is located;

(2) served as an officer or employee of that appraisal district; or

(3) served as a member of the appraisal review board for that appraisal district.

(g) The comptroller may not appoint an arbitrator under **this section** ~~[Subsection (a)]~~ if the comptroller determines that there is good cause not to appoint the arbitrator, including information or evidence indicating repeated bias or misconduct by the person while acting as an arbitrator.

(h) A property owner may request that, in appointing an initial arbitrator under this section, the comptroller appoint an arbitrator who resides in the county in which the property that is the subject of the appeal is located or an arbitrator who resides outside that county. In appointing an initial arbitrator under Subsection (a), the comptroller shall comply with the request of the property owner unless the property owner requests that the comptroller appoint an arbitrator who resides in the county in which the property that is the subject of the appeal is located and there is not an available arbitrator who resides in that county. In appointing a substitute arbitrator under Subsection (d), the comptroller shall consider but is not required to comply

with the request of the property owner. This subsection does not authorize a property owner to request the appointment of a specific individual as an arbitrator.

Effective: January 1, 2020

SECTION 113. Sections 41A.03 and 41A.07, Tax Code, as amended by this Act, apply only to a request for binding arbitration received by the comptroller of public accounts from an appraisal district on or after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 41A.09

S.B. 2

SECTION 73. Section 41A.09**(b), Tax Code, is amended** to read as follows:

§ 41A.09. Award; Payment of Arbitrator's Fee

(a) Not later than the 20th day after the date the hearing under Section 41A.08 is concluded, the arbitrator shall make an arbitration award and deliver a copy of the award to the property owner, appraisal district, and comptroller.

(b) An award under this section:

(1) must include a determination of the appraised or market value, as applicable, of the property that is the subject of the appeal;

(2) may include any remedy or relief a court may order under Chapter 42 in an appeal relating to the appraised or market value of property;

(3) shall specify the arbitrator's fee, which may not exceed the amount provided by Section **41A.06(b)(4)** ~~[41A.06(b)(2)]~~;

(4) is final and may not be appealed except as permitted under Section 171.088, Civil Practice and Remedies Code, for an award subject to that section; and

(5) may be enforced in the manner provided by Subchapter D, Chapter 171, Civil Practice and Remedies Code.

(c) If the arbitrator determines that the appraised or market value, as applicable, of the property that is the subject of the appeal is nearer to the property owner's opinion of the appraised or market value, as applicable, of the property as stated in the request for binding arbitration submitted under Section 41A.03 than the value determined by the appraisal review board:

(1) the comptroller, on receipt of a copy of the award, shall refund the property owner's arbitration deposit, less the amount retained by the comptroller under Section 41A.05(b);

(2) the appraisal district, on receipt of a copy of the award, shall pay the arbitrator's fee; and

(3) the chief appraiser shall correct the appraised or market value, as applicable, of the property as shown in the appraisal roll to reflect the arbitrator's determination.

(d) If the arbitrator determines that the appraised or market value, as applicable, of the property that is the subject of the appeal is not nearer to the property owner's opinion of the appraised or market value, as applicable, of the property as stated in the request for binding arbitration submitted under Section 41A.03 than the value determined by the appraisal review board:

(1) the comptroller, on receipt of a copy of the award, shall:

(A) pay the arbitrator's fee out of the owner's arbitration deposit; and

(B) refund to the owner the owner's arbitration deposit, less the arbitrator's fee and the amount retained by the comptroller under Section 41A.05(b); and

(2) the chief appraiser shall correct the appraised or market value, as applicable, of the property as shown in the appraisal roll to reflect the arbitrator's determination if the value as determined by the arbitrator is less than the value as determined by the appraisal review board.

(e) The comptroller by rule may prescribe a standard form for an award and may require arbitrators to use the award form when making awards under this chapter.

Effective: January 1, 2020

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 42.01

H.B. 380

SECTION 1. Section 42.01, Tax Code, is amended by **amending Subsection (a)** and **adding Subsection (c)** to read as follows:

§ 42.01. Right of Appeal by Property Owner

(a) property owner is entitled to appeal:

(1) an order of the appraisal review board determining:

(A) a protest by the property owner as provided by Subchapter C of Chapter 41;

(B) a [~~determination of an appraisal review board on a~~] motion filed under Section 25.25;

(C) [~~a determination of an appraisal review board~~] that the property owner has forfeited the right to a final determination of a motion filed under Section 25.25 or of a protest under Section 41.411 for failing to comply with the prepayment requirements of Section 25.26 or 41.4115, as applicable; [~~or~~]

(D) [~~a determination of an appraisal review board of~~] eligibility for a refund requested under Section 23.1243; or

(E) that the appraisal review board lacks jurisdiction to finally determine a protest by the property owner under Subchapter C, Chapter 41, or a motion filed by the property owner under Section 25.25 because the property owner failed to comply with a requirement of Subchapter C, Chapter 41, or Section 25.25, as applicable; or

(2) an order of the comptroller issued as provided by Subchapter B, Chapter 24, apportioning among the counties the appraised value of railroad rolling stock owned by the property owner.

(b) A property owner who establishes that the owner did not forfeit the right to a final determination of a motion or of a protest in an appeal under Subsection (a)(1)(C) is entitled to a final determination of the court, as applicable:

(1) of the motion filed under Section 25.25; or

(2) of the protest under Section 41.411 of the failure of the chief appraiser or appraisal review board to provide or deliver a notice to which the property owner is entitled, and, if failure to provide or deliver the notice is established, of a protest made by the property owner on any other grounds of protest authorized by this title relating to the property to which the notice applies.

(c) A property owner who establishes that the appraisal review board had jurisdiction to issue a final determination of the protest by the property owner under Subchapter C, Chapter 41, or of the motion filed by the property owner under Section 25.25 in an appeal under Subsection (a)(1)(E) of this section is entitled to a final determination by the court of the protest under Subchapter C, Chapter 41, or of the motion filed under Section 25.25. A final determination of a protest under Subchapter C, Chapter 41, by the court under this subsection may be on any ground of protest authorized by this title applicable to the property that is the subject of the protest, regardless of whether the property owner included the ground in the property owner 's notice of protest.

Effective: September 1, 2019

SECTION 3. The change in law made by this Act applies only to an appeal under Chapter 42, Tax Code, that is filed on or after the effective date of this Act. An appeal under Chapter 42, Tax Code, that is filed before the effective date of this Act is governed by the law in effect on the date the appeal is filed, and the former law is continued in effect for that purpose.

§ 42.081

S.B. 2

SECTION 74. Subchapter A, Chapter 42, Tax Code, is amended by **adding Section 42.081** to read as follows:

Sec. 42.081. DEFERRAL OF DELINQUENT TAX SUIT DURING APPEAL. A taxing unit that imposes taxes on property that is the subject of an appeal under this chapter may not file a suit to collect a delinquent tax on the property during the pendency of the appeal unless it is determined by the court that the property owner failed to comply with Section 42.08.

Effective: January 1, 2020

SECTION 115. Section 42.081, Tax Code, as added by this Act, applies only to an appeal under Chapter 42, Tax Code, that is filed on or after January 1, 2020.

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 42.23

S.B. 2

SECTION 92. (a) Section 9, Chapter 481 (S.B. 1760), Acts of the 84th Legislature, Regular Session, 2015, which added **Section 42.23(i), Tax Code,** effective January 1, 2020, **is repealed.**

§ 42.23. Scope of Review

(a) Review is by trial de novo. The district court shall try all issues of fact and law raised by the pleadings in the manner applicable to civil suits generally.

(b) The court may not admit in evidence the fact of prior action by the appraisal review board or comptroller, except to the extent necessary to establish its jurisdiction.

(c) Any party is entitled to trial by jury on demand.

(d) Each party to an appeal is considered a party seeking affirmative relief for the purpose of discovery regarding expert witnesses under the Texas Rules of Civil Procedure if, on or before the 120th day after the date the appeal is filed, the property owner:

(1) makes a written offer of settlement;

(2) requests alternative dispute resolution; and

(3) designates, in response to an appropriate written discovery request, which cause of action under this chapter is the basis for the appeal.

(e) For purposes of Subsection (d), a property owner may designate a cause of action under Section 42.25 or 42.26 as the basis for an appeal, but may not designate a cause of action under both sections as the basis for the appeal. Discovery regarding a cause of action that is not specifically designated by the property owner under Subsection (d) shall be conducted as provided by the Texas Rules of Civil Procedure. The court may enter a protective order to modify the provisions of this subsection under Rule 192.6 of the Texas Rules of Civil Procedure.

(f) For purposes of a no-evidence motion for summary judgment filed by a party to an appeal under this chapter, the offer of evidence, including an affidavit or testimony, by any person, including the appraisal district, the property owner, or the owner's agent, that was presented at the hearing on the protest before the appraisal review board constitutes sufficient evidence to deny the motion.

(g) For the sole purpose of admitting expert testimony to determine the value of chemical processing property or utility property in an appeal brought under this chapter and for no other purpose under this title, including the rendition of property under Chapter 22, the property is considered to be personal property.

(h) Evidence, argument, or other testimony offered at an appraisal review board hearing by a property owner or agent is not admissible in an appeal under this chapter unless:

(1) the evidence, argument, or other testimony is offered to demonstrate that there is sufficient evidence to deny a no-evidence motion for summary judgment filed by a party to the appeal or is necessary for the determination of the merits of a motion for summary judgment filed on another ground;

(2) the property owner or agent is designated as a witness for purposes of trial and the testimony offered at the appraisal review board hearing is offered for impeachment purposes; or

(3) the evidence is the plaintiff's testimony at the appraisal review board hearing as to the value of the property.

~~[<Text of (i) effective January 1, 2020>~~

~~(i) If an appraisal district employee testifies as to the value of real property in an appeal under Section 42.25 or 42.26, the court may give preference to an employee~~

~~who is a person authorized to perform an appraisal of real estate under Section 1103.201, Occupations Code.]~~

Effective: September 1, 2019

SECTION 120. This Act takes effect only if H.B. 3, 86th Legislature, Regular Session, 2019, becomes law. If H.B. 3, 86th Legislature, Regular Session, 2019, does not become law, this Act has no effect.

§ 42.231

H.B. 380

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SECTION 2: Subchapter B, Chapter 42, Tax Code, is amended by **adding Section 42.231** to read as follows:

Sec. 42.231 JURISDICTION OF DISTRICT COURT; REMAND OF CERTAIN APPEALS.

(a) This section applies only to an appeal by a property owner of an order of the appraisal review board determining:

(1) a protest by the property owner as provided by Subchapter C, Chapter 41; or

(2) a motion filed by the property owner under Section 25.25.

(b) Subject to the provisions of this section and notwithstanding any other law, if a plea to the jurisdiction is filed in the appeal on the basis that the property owner failed to exhaust the property owner 's administrative remedies, the court may, in lieu of dismissing the appeal for lack of jurisdiction, remand the action to the appraisal review board with instructions to allow the property owner an opportunity to cure the property owner 's failure to exhaust administrative remedies.

(c) An action remanded to the appraisal review board under Subsection (b) is considered to be a timely filed protest under Subchapter C, Chapter 41, or motion under Section 25.25, as applicable. The appraisal review board shall schedule a hearing on the protest or motion and issue a written decision determining the protest or motion in the manner required by Subchapter C, Chapter 41, or Section 25.25, as applicable.

(d) determination of the appraisal review board relating to the remanded action may be appealed to the court that remanded the action to the board. A determination appealed to the court under this subsection may not be the subject of a plea to the jurisdiction on the basis of the property owner 's failure to exhaust administrative remedies.

(e) Notwithstanding Subsection (b), on agreement of each party to the appeal and with the approval of the court, the parties to the appeal may waive remand of the action to the appraisal review board and elect that the court determine the appeal on the merits. If the parties waive remand of the action under this subsection, each party is considered to have exhausted the party 's administrative remedies.

Effective: September 1, 2019

SECTION 3. The change in law made by this Act applies only to an appeal under Chapter 42, Tax Code, that is filed on or after the effective date of this Act. An appeal under Chapter 42, Tax Code, that is filed before the effective date of this Act is governed by the law in effect on the date the appeal is filed, and the former law is continued in effect for that purpose

§ 42.42

H.B. 861

SECTION 1. Sections 42.42**(c) and (d), Tax Code, are amended** to read as follows:

§ 42.42. Corrected and Supplemental Tax Bills

(a) Except as provided by Subsection (b) of this section, if the final determination of an appeal that changes a property owner's tax liability occurs after the tax bill is mailed, the assessor for each affected taxing unit shall prepare and mail a corrected tax bill in the manner provided by Chapter 31 of this code for tax bills generally. The assessor shall include with the bill a brief explanation of the reason for and effect of the corrected bill.

(b) If the final determination of an appeal that increases a property owner's tax liability occurs after the property owner has paid his taxes, the assessor for each affected taxing unit shall prepare and mail a supplemental tax bill in the manner provided by Chapter 31 for tax bills generally. The assessor shall include with the bill a brief explanation of the reason for and effect of the supplemental bill. The additional tax is due on receipt of the supplemental bill and becomes delinquent if not paid before the delinquency date prescribed by Chapter 31 or before the first day of the next month after the date of mailing that will provide at least 21 days for payment of the tax, whichever is later.

(c) If the final determination of an appeal occurs after the property owner has paid a portion of the tax finally determined to be due as required by Section 42.08, the assessor for each affected taxing unit shall prepare and mail a supplemental tax bill in the form and manner prescribed by Subsection (b). The additional tax is due and becomes delinquent as provided by Subsection (b)**. If the additional tax is not paid by the delinquency date for the additional tax**, [~~but~~] the property owner is liable for penalties and interest on the tax included in the supplemental bill calculated as provided by Section 33.01 as if the tax included in the supplemental bill became delinquent on the original delinquency date prescribed by Chapter 31.

(d) If the property owner did not pay any portion of the taxes imposed on the property because the court found that payment would constitute an unreasonable restraint on the owner ’s right of access to the courts as provided by Section 42.08(d), after the final determination of the appeal the assessor for each affected taxing unit shall prepare and mail a supplemental tax bill in the form and manner prescribed by Subsection (b). The additional tax is due and becomes delinquent as provided by Subsection (b)**. If the additional tax is not paid by the delinquency date for the additional tax**, [~~but~~] the property owner is liable for interest on the tax included in the supplemental bill calculated as provided by section 33.01 as if

the tax included in the supplemental bill became delinquent on the delinquency date prescribed by Chapter 31.

Effective: September 1, 2019

SECTION 2. The changes in law made by this Act apply only to an appeal under Chapter 42, Tax Code, that is filed on or after the effective date of this Act.

§ 312.002

H.B. 3143

SECTION 1. Section 312.002, Tax Code, is amended by **adding Subsections (c-1) and (c-2)** to read as follows:

§ 312.002. Eligibility of Taxing Unit to Participate in Tax Abatement

(a) A taxing unit may not enter into a tax abatement agreement under this chapter and the governing body of a municipality or county may not designate an area as a reinvestment zone unless the governing body has established guidelines and criteria governing tax abatement agreements by the taxing unit and a resolution stating that the taxing unit elects to become eligible to participate in tax abatement. The guidelines applicable to property other than property described by Section 312.211(a) must provide for the availability of tax abatement for both new facilities and structures and for the expansion or modernization of existing facilities and structures.

(b) The governing body of a taxing unit may not enter into a tax abatement agreement under this chapter unless it finds that the terms of the agreement and the property subject to the agreement meet the applicable guidelines and criteria adopted by the governing body under this section.

(c) The guidelines and criteria adopted under this section are effective for two years from the date adopted. During that period, the guidelines and criteria may be amended or repealed only by a vote of three-fourths of the members of the governing body.

(c-1) Before the governing body of a taxing unit may adopt, amend, repeal, or reauthorize guidelines and criteria, the body must hold a public hearing regarding the proposed adoption, amendment, repeal, or reauthorization at which members of the public are given the opportunity to be heard.

(c-2) A taxing unit that maintains an Internet website shall post the current version of the guidelines and criteria governing tax abatement agreements adopted under this section on the website.

(d) The adoption of the guidelines and criteria by the governing body of a taxing unit does not:

(1) limit the discretion of the governing body to decide whether to enter into a specific tax abatement agreement;

(2) limit the discretion of the governing body to delegate to its employees the authority to determine whether or not the governing body should consider a particular application or request for tax abatement; or

(3) create any property, contract, or other legal right in any person to have the governing body consider or grant a specific application or request for tax abatement.

(e) The guidelines and criteria adopted by the commissioners court of a county may include a requirement that an application or request for tax abatement submitted to the county under this chapter must be accompanied by a reasonable application fee not to exceed $1,000.

(f) On or after September 1, 2001, a school district may not enter into a tax abatement agreement under this chapter.

(g) "Taxing unit" has the meaning assigned by Section 1.04, except that for a tax abatement agreement executed on or after September 1, 2001, the term does not include a school district that is subject to Chapter 42, Education Code, and that is organized primarily to provide general elementary and secondary public education.

Effective: September 1, 2019

SECTION 6. Section 312.002(c-1), Tax Code, as added by this Act, applies only to the adoption, amendment, repeal, or reauthorization of guidelines and criteria under Section 312.002, Tax Code, on or after the effective date of this Act.

§ 312.005

H.B. 3143

SECTION 2. Section 312.005, Tax Code, is amended by **adding Subsection (a-1)** to read as follows:

§ 312.005. State Administration

(a) The comptroller shall maintain a central registry of reinvestment zones designated under this chapter and of ad valorem tax abatement agreements executed under this chapter. The chief appraiser of each appraisal district that appraises property for a taxing unit that has designated a reinvestment zone or executed a tax abatement agreement under this chapter shall deliver to the comptroller before July 1 of the year following the year in which the zone is designated or the agreement is executed a report providing the following information:

(1) for a reinvestment zone, a general description of the zone, including its size, the types of property located in it, its duration, and the guidelines and criteria established for the reinvestment zone under Section 312.002, including subsequent amendments and modifications of the guidelines or criteria;

(2) a copy of each tax abatement agreement to which a taxing unit that participates in the appraisal district is a party; and

(3) any other information required by the comptroller to administer this section and Subchapter F, Chapter 111

(a-1) For each of the first three tax years following the expiration of a tax abatement agreement executed under this chapter, the chief appraiser shall deliver to the comptroller a report containing the appraised value of the property that was the subject of the agreement.

(b) The comptroller may provide assistance to a taxing unit on request of its governing body or the presiding officer of its governing body relating to the administration of this chapter. The Texas Department of Commerce and the

comptroller may provide technical assistance to a local governing body regarding the designation of reinvestment zones, the adoption of tax abatement guidelines, and the execution of tax abatement agreements.

(c) Not later than December 31 of each even-numbered year, the comptroller shall submit a report to the legislature and to the governor on reinvestment zones designated under this chapter and on tax abatement agreements adopted under this chapter, including a summary of the information reported under this section.

Effective: September 1, 2019

SECTION 7. Section 312.005(a-1), Tax Code, as added by this Act, applies only to a tax abatement agreement entered into under Chapter 312 of that code that expires on or after the effective date of this Act.

§ 312.006

H.B. 3143

SECTION 3. Section 312.006, Tax Code, **is amended** to read as follows:

Sec. 312.006. EXPIRATION DATE.

If not continued in effect, this chapter expires September 1, **2029** ~~[2019]~~.

Effective: September 1, 2019

§ 312.207

H.B. 3143

SECTION 4. Section 312.207, Tax Code, is amended by **adding Subsections (c) and (d)** to read as follows:

§ 312.207. Approval by Governing Body

(a) To be effective, an agreement made under this subchapter must be approved by the affirmative vote of a majority of the members of the governing body of the municipality or other taxing unit at a regularly scheduled meeting of the governing body.

(b) On approval by the governing body, an agreement may be executed in the same manner as other contracts made by the municipality or other taxing unit.

(c) In addition to any other requirement of law, the public notice of a meeting at which the governing body of a municipality or other taxing unit will consider the approval of a tax abatement agreement with a property owner must contain:

(1) the name of the property owner and the name of the applicant for the tax abatement agreement;

(2) the name and location of the reinvestment zone in which the property subject to the agreement is located;

(3) a general description of the nature of the improvements or repairs included in the agreement; and

(4) the estimated cost of the improvements or repairs.

(d) The notice of a meeting required by this section must be given in the manner required by Chapter 551, Government Code, except that the notice must be provided at least 30 days before the scheduled time of the meeting.

Effective: September 1, 2019

SECTION 8. Sections 312.207(c) and (d) and 312.404, Tax Code, as added by this Act, apply only to a tax abatement agreement entered into on or after the effective date of this Act.

§ 312.404

H.B. 3143

SECTION 5. Subchapter C, Chapter 312, Tax Code, is amended by **adding Section 312.404** to read as follows

Sec. 312.404. APPROVAL BY GOVERNING BODY.

To be effective, an agreement made under this subchapter must be approved by the governing body of the county or other taxing unit in the manner that the governing body of a municipality authorizes an agreement under Section 312.207.

Effective: September 1, 2019

SECTION 8. Sections 312.207(c) and (d) and 312.404, Tax Code, as added by this Act, apply only to a tax abatement agreement entered into on or after the effective date of this Act.