

## Bills Filed for the 2017 Regular Session of the 85<sup>th</sup> Texas Legislature

**May 18, 2017**

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Perdue Brandon tracks legislation filed during the 85th Texas Legislature, Regular Session. Pre-filing of bills began November 14, 2016. The last day of the session is May 29, 2017

**This week brought these deadlines in the House:**

May 12 - Last day for House to consider consent HBs on 2nd and 3rd reading and all 3rd reading HBs / HJR's on House Supplemental Calendar

May 17 – Deadline for House to distribute last House Local & Consent Calendar with local HBs.

May 19 – Last day for House to consider local HBs on 2nd and 3rd reading

May 20 – Last day for House committees to report Senate bills (SBs) and Senate joint resolutions (SJR's)

May 21 – Deadline for House to distribute last House Daily Calendar with SBs and SJRs

Dead bills from last week are removed. Dead bills this week are marked with strike out. On next week's update, these dead bills will be deleted. Be aware that active bills may be amended to add items from dead bills.

Organized by subject matter, each bill includes a short summary, proposed effective date and current bill status. All references to section numbers are to the Texas Property Tax Code, unless otherwise indicated. Some bills are listed several times because they address multiple subjects. Check Perdue Brandon's website at [www.pbfc.com](http://www.pbfc.com) for updates. Updates from the last issue are highlighted in gray.

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### **Appraisal District Administration**

CAD BOARD MEMBERS MUST BE ELECTED OFFICIALS OF LOCAL GOVERNMENTS; ADVISORY BOARD CREATED AT COMPTROLLER'S OFFICE; APPRAISAL NOTICES SENT EARLIER

*The Property Tax Reform and Relief Act of 2017*

**SB 2 Bettencourt**

Adds 5.01; amends 5.05, 5.102, 5.13, 6.03, 6.035, 6.15, 25.19; amends Government Code 403.302

House Committee Substitute SB 2 amends 5.07, 5.091, 26.19

*CAD Board of Directors*

SB 2 substitute retains the current law on members of the appraisal district's board of directors. The substitute removes the change in the original filed bill that a director be an elected county officer, member of the governing body or an elected official of a local government located in all or part of the appraisal district.

An individual who has been engaged in appraising property for compensation for property tax matters or representing property owners for property tax matters may not serve on the CAD Board at any time during the preceding three years. Current law is preceding five years.

A CAD director may transmit 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. This will not be considered an ex parte communication subject to penalty.

House Committee Substitute SB 2 does not include these changes to the CAD Board of Directors.

#### *State Administration*

A minimum six-member Property Tax Administration Advisory Board will be created to improve the effectiveness and efficiency of the property tax system, best practices and complaint resolution. The Advisory Board will consist of representatives of property owners, appraisal districts, school districts and a person having knowledge or experience with ratio studies. The Comptroller appoints the members. Any advice to the Comptroller provided by a member of the Board must be provided at a meeting called by the Comptroller. Government Code Chapter 2110 does not apply to the Advisory Board. House Committee Substitute SB 2 does not include this Advisory Board.

House Committee Substitute SB 2 requires the Comptroller to prescribe electronic tax rate calculation forms that can be certified by the designated officer or employee completing them and electronically submitted to the chief appraiser. The Comptroller shall use the forms published as of January 1, 2017, as modified to comply with new provisions. The forms may be updated at the Comptroller's discretion or modified to reflect formatting changes. The Comptroller shall change the statewide list of tax rates to include school districts. The Comptroller prescribes how and the deadline for the appraisal districts to submit tax rates. The list of rates will be alphabetical by county or counties in which a taxing unit is located. No later than January 1 of the following year, the Comptroller shall publish the tax rate list.

#### *Notices of Appraised Value*

Appraisal districts would send *all* notices of appraised value by April 15, rather than April 1 or May 1. The distinction between homestead notices and other notices is eliminated. In counties of 120,000 population or more, the notices for commercial, utility, industrial and multifamily properties must include a notice that the owner may request a hearing before a special panel for that category of property. House Committee Substitute SB 2 does not include the date change, but does require notices of appraised value in counties of 120,000 population or more to include the special panel for selected categories of property, beginning January 1, 2019. Effective January 1, 2020, the notices of appraised value would not include estimated taxes based on last year's tax rates.

For more analysis of these bills, see also *Appraisal, Rendition, Exemption, Appraisal Review Board, Appraisal District Litigation, Assessment and Truth in Taxation* sections.

Proposed Effective: 1/1/2018; however, a board member who is not an elected official may complete his or her term on the board of directors. SB 2 has notices with required language relating to protests before a special panel will become effective 1/1/2019. House Committee Substitute has removal of estimated taxes on reappraisal notices, effective 1/1/2020.

**Status: SB 2 substitute, with four floor amendments, passed Senate 3/21/17; received a point of order on House floor 5/18/17 and set on House Calendar 5/19/17.**

#### ~~OPERATOR OF MINERAL LEASE MAY NOT BE REQUIRED TO PROVIDE LISTING OF OWNERSHIP OF INTERESTS IN LEASE~~

##### SB 676 Seliger

~~Amends 25.12~~

~~SB 676 states that chief appraisers are to determine the ownership of mineral interests from duly filed and recorded instruments of title. A chief appraiser may not require the operator of a lease to provide ownership information by listing the property in the name of the operator if the information is not provided.~~

~~Proposed Effective: 9/1/2017.~~

~~Status: SB 676 referred to Senate Finance 2/15/17.~~

SPOUSES AND CHILDREN OF PEACE OFFICER  
EXEMPT FROM DISCLOSING HOME ADDRESS

**HB 457 Holland**

Amends 25.025

HB 457 adds the spouse or surviving spouse and the adult child of a peace officer to those who are exempt from disclosure of their home address.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2017.

**Status: HB 457 substitute passed House 4/13/17; left pending in Senate Business and Commerce 5/18/17.**

CHILD PROTECTIVE CASEWORKER OR  
INVESTIGATOR MAY REQUEST HOME  
ADDRESS EXEMPT FROM DISCLOSURE

**HB 39 Wu**

Amends 25.025

HB 39 substitute adds a current or former employee of the Department of Family and Protective Services or a current or former department contractor performing these functions on behalf of the Department to the list that may request their home address be exempt from disclosure. None of the eight House floor amendments addressed the property tax change.

Proposed Effective: HB 703 immediately if passed by two-thirds of both houses; otherwise, 9/1/2017. HB 39 effective 9/1/2017.

**Status: HB 39 substitute, with 8 House Floor amendments, passed House 5/11/17; left pending hearing in Senate Health & Human Services 5/17/17.**

CURRENT AND FORMER PROSECUTORS  
REQUEST HOME ADDRESS CONFIDENTIAL

**HB 1278 Dutton**

Amends 25.025; amends Government Code 552.117, 552.1175

HB 1278 adds a current or former district attorney, criminal district attorney or a county or municipal attorney whose jurisdiction includes any criminal law or child protective service matters to the list that may request their home address be exempt from disclosure.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2017.

**Status: HB 1278 passed House 5/9/17; referred to Senate Criminal Justice 5/10/17.**

COMPTROLLER PROHIBITED FROM POSTING  
ON WEBSITE HOTEL OCCUPANCY TAX INFO

**SB 1086 Seliger**

Adds 156.155

SB 1086 adds that a state agency (Comptroller) may not post on a public website information that identifies the taxable receipts of an individual business contained in a document required to be provided to the agency, such as hotel occupancy tax information. Information that is collected or maintained by a state agency is public information under Government Code Section 552.002 and is provided access in the manner provided by Chapter 552, Open Records Act.

Effective: 5/18/17, immediately on Governor's signature.

**Status: NEW LAW. Governor signed SB 1086 5/18/17.**

FEDERAL OR STATE JUDGE'S HOME  
ADDRESS AUTOMATICALLY EXEMPT FROM  
DISCLOSURE

**SB 42 Zaffirini**

Amends 25.025

SB 42 substitute provides that the home address information of a federal or state judge, or their spouses, is automatically confidential and exempt from disclosure in the appraisal records, beginning on the date that the judge qualifies for office. The judge or spouse no longer must request the exemption from disclosure by form. SB 42 substitute requires the Office of Court Administration to notify the appraisal district of the judge's qualification for the judge's office.

Proposed Effective: 9/1/2017.

**Status: SB 42 substitute, with one floor amendment, passed Senate 4/4/17; passed House 5/17/17; for amendments set on Senate Items Eligible Calendar 5/18/17.**

MORE INDIVIDUALS MAY REQUEST HOME ADDRESS EXEMPT FROM DISCLOSURE

**SB 256 Taylor**

Amends 25.025

SB 256 revises the procedures for keeping the home address confidential and not open to public disclosure for an individual, the individual's child or another person in the household who is a victim of family violence, if the individual provides a copy of a protective order, magistrate's order for emergency protection or other independent document that shows they are a victim of family violence. Two other types of individuals that may request their home address be kept confidential are: a person who is a victim of sexual abuse or victim of assault, stalking or trafficking by providing these same type of documents, or a participant in the address confidentiality program by Attorney General's office. Proposed Effective: Immediately on Governor's signature, since passed by two-thirds of both houses. **Status: SB 256 passed Senate, with one Senate floor amendment, 3/29/17; passed House 5/6/19. SB 256 sent to Governor 5/10/17.**

HOME ADDRESS OF CURRENT OR FORMER EMPLOYEE OF STATE JUDGE EXEMPT FROM DISCLOSURE

**SB 510 Zaffirini**

Amends 25.025

SB 510 substitute provides that the home address information of a current or former employee of a federal judge or state judge may be exempt from disclosure in the appraisal records at the written request of the homeowner.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2017.

**Status: SB 510 substitute passed Senate 4/3/17; set on House Local & Consent Calendar 5/19/17.**

STATE ELECTED OFFICIAL OR MEMBER OF LEGISLATURE REQUESTS HOME ADDRESS CONFIDENTIAL

**SB 659 Campbell**

Amends 25.025; amends Government Code 552.117, 552.1175

SB 659 adds a statewide elected official or a member of the Legislature to the list that may request their home address be exempt from disclosure.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2017.

**Status: SB 659 passed Senate 4/19/17; left pending in House Government Transparency & Operation 5/16/17.**

~~CONVEYING PROCEEDS FROM CAD REAL PROPERTY SALE CHANGED~~

**SB 348 Watson**

Amends 6.051

~~SB 348 provides that any proceeds from the conveyance of real property owned by the CAD shall be apportioned by an amendment to the annual CAD budget.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2017.~~

~~**Status: SB 348 referred to Senate Finance 1/30/17.**~~

~~CHIEF APPRAISER ELECTED BY COUNTY VOTERS~~

**SB 447 Burton**

~~Amends 1.15, 5.041, 5.042, 5.103, 6.035, 6.05, 6.052, 6.41, 6.411, 6.412, 6.42, 22.28, 41.66, 42.21; repeals 6.0501; amends Election Code 52.092; amends Local Government Code 87.041; amends Occupations Code 1151.164~~

~~SB 447 provides that county voters elect the chief appraiser to a two year term beginning January 1 of each odd-numbered year. The chief appraiser must be a resident of the county for the two years preceding taking office. The bill removes the requirements for any special professional designations. The chief appraiser may be removed for "incompetency," including failure of the chief appraiser to complete the TDLR required chief appraiser training within the required time. The bill removes the provision that a taxing unit's tax office may serve as the appraisal office. The chief appraiser appoints the ARB members and selects the ARB chair and secretary. The commissioners court shall fill a chief appraiser vacancy.~~

~~Proposed Effective: 9/1/2017, with the first term of office for chief appraiser beginning January 1, 2019 and the terms of existing ARB members expiring on January 1, 2019 so that the newly elected chief appraiser appoints the next ARB.~~

~~**Status: SB 447 referred to Senate Finance 2/6/17.**~~



SOME GROUPS MAY AND OTHERS MAY NOT  
LAWFULLY TAKE AND USE DRONE IMAGES  
**SB 838, ~~SB 839~~, SB 840 Zaffirini; HB 106 Martinez**  
Amends Government Code 423.002

These bills address when it is lawful to capture an image using an unmanned aircraft in Texas. To the group allowed such images, SB 838 adds a person who is in compliance with Federal Aviation Administration registrations or exemptions and the images are reasonably related to a commercial purpose (including navigation or public safety). SB 838, however, removes from the list a Texas licensed real estate broker in connection with marketing, sale or financing of real property; the owner or operator of an oil, gas, water or other pipeline for inspecting, maintaining or repairing pipelines and without the intent to conduct surveillance; a registered professional land surveyor in connection with surveying; a professional engineer in connection with engineering. SB 838 substitute also removes from the list the images of real property or a person on real property within 25 miles of the U. S. border and adds if the image is captured for the purpose of delivering consumer goods order through the Internet and the operator is authorized by the FAA. ~~SB 839 adds a journalist for reporting of substantial public interest, potentially affects public safety (such as weather) and occurs under circumstances in which individuals whose images are captured do not have a reasonable expectation of privacy (mass gathering).~~ SB 840 substitute and HB 106 substitute remove from the list images of real property or a person on real property that is within 25 miles of the U.S. border. HB 106 substitute also adds a telecommunications provider to the list of those who may lawfully capture an image dealing with the repair and maintenance of facilities and easements. The floor amendment to HB 106 adds an image captured by an insurance company for claims and delivery of consumer goods order through the Internet with the original image and backups destroyed promptly following delivery. The House Committee Substitute of SB 840 adds in a telecommunications provider to allow images by unmanned aircraft; removes from the list of images real property or a person that is within 25 miles of the U.S. border, and clarifies about a person's image captured by an insurance company employee in connection with underwriting a policy and the operator of the unmanned aircraft authorized by FAA to conduct operations.

Proposed Effective: 9/1/2017.

**Status: HB 106 substitute, with three floor amendments, passed House 4/28/17; received in Senate 5/1/17. ~~SB 839 referred to Senate Business & Commerce 2/27/17.~~ SB 838 substitute passed Senate 4/19/17; reported from House Homeland Security & Public Safety 5/18/17. SB 840 substitute passed Senate 4/18/17; reported as substituted from House Homeland Security & Public Safety 5/18/17.**

CHIEF APPRAISER GIVEN AUTHORITY TO  
CORRECT ERRONEOUS DENIAL OR  
CANCELLATION OF EXEMPTION

**SB 945 Bettencourt**

Amends 25.25

SB 945 expands the authority of the chief appraiser to correct the appraisal roll after certification to include correcting an erroneous denial or cancellation of a homestead exemption for the disabled or elderly or an exemption for a disabled veteran.

Proposed Effective: Immediately on Governor's signature, since passed by two-thirds of both houses.

**Status: SB 945 passed Senate 3/28/17; passed House 5/9/17. SB 945 set to Governor 5/11/17.**

APPRAISAL DEADLINES CHANGED

**SB 946 Bettencourt; HB 2228 Murphy**

Amends 11.4391, 21.09, 22.23, 41.11, 41.44

These bills change several deadlines: the late deadline for filing for the freeport goods is changed to not later than June 1 (current law is before the ARB approves the records); a request for allocation of value must be filed before April 1 (current law is before May 1), with the provision for extending the deadline can be for 30 days (current is 45 days) and that the chief appraiser may add an additional 30 days (current law is 60 days); rendition statements for property regulated by the Public Utility Commission, Railroad Commission, Federal Surface Transportation Board or Federal Energy Regulatory Commission must be delivered to chief appraiser by April 30, and the chief appraiser may extend by 15 days for good cause on written request of the owner. The bills also address some changes to protesting in Tax Code Section 41.44, making the deadline to do so later, May 15 rather than May 1 or 30-days after receipt of notice for all property (not simply residence homesteads). However, it also limits the extensions of time to file

protests currently in the Code (after deadline but before ARB approves records and before June 1). HB 2228 substitute changes the June 1 deadline to June 15 for filing for freeport goods. The substitute also provides that the property owner in writing may request an extension of the April 1 deadline, which the chief appraiser shall extend to May 1. The chief appraiser may further extend the deadline for an additional 15 days for good cause shown in writing by the owner. The House floor amendment changes the “before May 15” to “not later than May 15.”

Proposed Effective: 1/1/2018.

**Status: SB 946 placed on Senate Intent Calendar 5/15/17. HB 2228 substitute, with one House floor amendment, passed House 5/4/17; set on Senate Local/Uncontested Calendar 5/19/17.**

#### CAD MAY NOT USE PUBLIC FUNDS TO LOBBY ON LEGISLATION

##### **SB 1812 Taylor**

Amends Government Code 305.026

SB 1812 provides that a CAD may not use public money to directly or indirectly influence or attempt to influence the passage or defeat of legislation before the Legislature. A CAD employee is not prevented from providing information to a member of the Legislature or appearing before a legislative committee at the request of the committee or a member of the Legislature.

Proposed Effective: 9/1/2017.

**Status: SB 1812 passed Senate 5/3/17; referred to House General Investigating & Ethics 5/15/17.**

#### TEXAS CIVIL COMMITMENT OFFICE'S EMPLOYEES MAY REQUEST HOME ADDRESS CONFIDENTIAL

##### **SB 1576 Perry**

Amends 25.025; amends various other sections of codes

SB 1576 adds a current or former employee of the Texas Civil Commitment Office (or its predecessor in function or division) to the list that may request their home address be exempt from disclosure. These employees deal with individuals who are sexually violent predators.

Effective: 9/1/2017.

**Status: NEW LAW. Governor signed SB 1576 5/18/17.**

#### INTEREST RATE CHANGED IN TAX CODE

##### **SB 2198 Campbell**

~~Adds 1.13 and 1.14 and amends 11.135, 11.181, 11.185, 11.201, 23.46, 23.55, 23.76, 23.86, 23.96, 23.9807, 26.09, 31.12, 33.01, 33.06, 33.065, 42.42,~~

~~SB 2198 changes the interest rate used to accrued on various provisions of the Tax Code, including special valuation rollback taxes, omitted property, delinquent taxes, tax refunds, tax deferrals and others. The annual interest rate is the lesser of 12% or the sum of 2% and the prime rate published by the Federal Reserve Board on the first business day of the calendar year for which simple interest is calculated. The Comptroller posts the interest rate on the Comptroller's website, beginning with the 2018 calendar year. The parties to a motion, effort or appeal may agree to waive or reduce the interest that accrues on a tax, penalty or refund that is subject to a 25.25 error correction; on a delinquent tax or a delinquent tax lawsuit to collect; or for an appeal to district court. The written agreement is required before the court issues the order for the delinquent tax lawsuit or pending appeal. A district court may waive or reduce interest that has accrued as part of the final judgment to the extent the interest is waived or reduced by agreement. See also *Appraisal District Litigation* and *Delinquent Tax Collections*.~~

~~Proposed Effective: 9/1/2017.~~

~~**Status: SB 2198 referred to Senate Finance 3/29/17.**~~

#### REGULATING PROPERTY TAX PROFESSIONALS TRANSFERRED FROM TDLR TO COMPTROLLER

##### **SB 2208 Hancock**

~~Amends 5.04, 5.102; amends Occupations Code Chapter 1151 and adds 1151.201, 11.51.203, 1151.207, 1151.208 and 1151.209 and repeals 1151.1015; amends Occupations Code 1152.103~~

~~SB 2208 transfers the regulation of property tax professionals from the Texas Department of Licensing and Regulation (TDLR) to the Comptroller. Currently registered with TDLR, the registrants include appraisers, tax assessors and tax collectors. The Comptroller mails to a person's last known address a renewal notice no later than 30 days before a person's registration expires. The Comptroller may conduct inspections or investigations as necessary. The Comptroller may place a registrant on probation~~

whose registration is suspended. The Comptroller will set up hearings and administrative procedure for registration denials and disciplinary actions using the State Office of Administrative Hearings (SOAH). For complaints filed against a registrant, the Comptroller will notify the registrant and the local governmental entity that employs the registrant. The Comptroller shall issue cease and desist orders for violations, impose an administrative penalty and seek injunctive relief and civil penalty through the Attorney General or the Comptroller. The Comptroller shall adopt rules by March 1, 2018.

Proposed Effective: 9/1/2017.

**Status: SB 2208 referred to Senate Business and Commerce 3/29/17.**

#### BILLS ON DOUBLE TAXATION FILED AFTER THE MARCH 10 DEADLINE

##### **SB 2242 Hinojosa**

Adds 21.056 and 31.112 and amends 31.12, 42.41; adds Education Code 42.2532

SB 2242 substitute adds 31.112 and amends 25.25, adds Local Government Code 72.010; amends Education Code 42.2532

SB 2242 addresses double taxation of properties by like taxing units. The bills apply only to Nueces and San Patricio Counties. SB 2242 substitute adds to the Local Government Code to address a lawsuit to establish the boundaries of and taxes owed. The chief appraiser of each county is required to correct the appraisal roll no later than 45 days after a final order is issued on the lawsuit. The bill sets out the refund process and the Education Commissioner adjusting the school district values for the correction of the double taxation. The House substitute of SB 2242 does not specifically name Nueces and San Patricio Counties but uses county and municipality populations to identify the counties and would include a taxing unit other than a county that has territory in the area double taxed.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.

**Status: SB 2242 substitute passed Senate 4/24/17; set on House Local & Consent Calendar 5/19/17.**

## **Appraisal**

APPRAISAL DISTRICTS MUST USE COMPTROLLER'S APPRAISAL MANUALS  
*The Property Tax Reform and Relief Act of 2017*

### **SB 2 Bettencourt**

Amends 5.05, 5.102, 5.13, 23.01

SB 2 substitute requires appraisal districts to use the Comptroller's generated appraisal manuals in appraising property for property taxation. Both MAP reviews and taxing unit-requested audits of appraisal districts must include the district's compliance with these manuals issued by the Comptroller. Generally accepted appraisal methods and techniques will also include those included in the Comptroller's appraisal manual. House Committee Substitute SB 2 does not include these changes to Sections 5.05, 5.102, 5.13 or 23.01.

For more analysis of these bills, see also *Appraisal District Administration, Rendition, Exemption, Appraisal Review Board, Appraisal District Litigation, Assessment and Truth in Taxation* sections. Proposed Effective: 1/1/2018.

**Status: SB 2 substitute, with four floor amendments, passed Senate 3/21/17; received a point of order on House floor 5/18/17 and set on House Calendar 5/19/17.**

#### REAPPRAISAL FOR DISASTER AREA IS AUTOMATIC

### **HB 513 Davis of Harris; SB 717 Taylor**

Amends 23.02

SB 717 substitute and HB 513 substitute require the CAD to automatically reappraise an area declared a disaster area that the Federal Emergency Management Agency (FEMA) estimates to have sustained 5% or greater damage to market value as a result of the disaster. A property owner may refuse to have the owner's property reappraised. The chief appraiser completes the reappraisal by 45 days after the Governor declares the area a disaster area. If FEMA does not complete the damage estimate before that deadline, the chief appraiser shall complete the reappraisal as soon as possible. The Comptroller may adopt rules to implement and administer this provision. Appraisal costs are apportioned to all taxing units for which the properties are reappraised.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2017.

**Status: HB 513 substitute passed House 4/26/17; received in Senate 4/27/17. SB 717 substitute passed Senate; reported from House Ways & Means 5/17/17.**

#### MANUFACTURED HOUSING REGULATIONS CHANGED

##### **HB 2019 King**

Amends 1.04, 11.432, 23.127, 25.08 and 32.03; amends and repeals various sections of Occupations Code Chapter 1201

HB 2019 substitute revises the regulation of manufactured housing. The chief appraiser shall appraise retail manufactured housing inventory as provided in Section 23.127. The Statement of Ownership and Location is changed to Statement of Ownership. The Texas Department of Housing and Community Affairs sets up a website with searchable and downloadable information on manufactured housing ownership, liens, installation, license holder records, shipment reports and enforcement actions. HB 2019 substitute revised the filing of tax liens to include, that with respect to each January 1 occurring in the 18-month period preceding the date of the sale, there are no perfected and enforceable tax liens on the manufactured home that have not been extinguished and canceled in accordance with Tax Code Section 32.105, or personal property taxes due on the manufactured home. The substitute bill also changes the effective date to 9/1/2017.

Proposed Effective: 9/1/2017.

**Status: HB 2019 substitute passed House 4/25/17; reported from Senate Business & Commerce 5/15/17 and set on Senate Intent Calendar 5/19/17.**

#### LOW INCOME OR MODERATE HOUSING APPRAISAL REFINED

##### **SB 1275 Taylor;**

Amends 1.07 and 23.215

SB 1275 revises the appraisal of nonexempt property used for low income or moderate housing to require the chief appraiser to use the income approach to value the property, based on the most recent annual owner's compliance report filed with the Texas Department of Housing and Community Affairs (TDHCA), to estimate the gross income and operating expenses, to project future income and expenses and

to project future rent or income potential using the maximum amount of permitted rent. The chief appraiser uses this method regardless if the property is no longer under active construction and occupancy has stabilized. Operating expenses include standard property maintenance, debt service, employee compensation, government fees, lender expenses insurance and other justifiable expenses for maintenance and operation.

SB 1275 requires a certified letter from the appraisal district to the property owner if the chief appraiser determines that the property is no longer eligible for this appraisal. The property will be subject to a rollback tax for the three preceding years based on the difference between the property's sales price and the special appraised value in each year. The owner has a right to protest the determination to the ARB. A tax lien attaches to the property. Taxes are due and become delinquent if not paid before the next February 1 that is at least 20 days after the date the bill is delivered. SB 1275 provides that a property owner may not protest the property's special value, which has been adjusted by the percentage change in net income. This type of property is not considered a comparable property for any other properties. The change in net income is based on the organization's audit by an independent auditor or most recent compliance report with TDHCA, which is delivered to the chief appraiser no later than May 1.

Proposed Effective: 1/1/2018.

**Status: SB 1275 left pending in Senate Finance 4/3/17.**

#### A HOMESTEAD VALUE CAP OF 5% SET MAYBE

##### **SB 172, SJR 19 Nichols**

Amends 23.23, 42.26; adds Tex. Const. Art. 8, Sec. 1 (i-1) and (i-2)

SB 172 and constitutional amendment imposes a 5% cap on residential homesteads, unless the commissioners court authorizes an election to determine a specified cap between 5% and 10%.

Proposed Effective: 1/1/2018, if voters approve constitutional amendment November 7, 2017.

**Status: SB 172, SJR 19 referred to Senate Finance 1/25/17.**



## **HOMESTEAD VALUE CAP BASED ON HOME'S VALUE**

**SB 376, SJR 28 Creighton**  
Amends 23.23

SB 376 and constitutional amendment changes the 10% cap to 3% if the home's appraised value is \$1 million or less and 5% if the home's value is more than \$1 million.

Proposed Effective: 1/1/2018, if voters approve constitutional amendment November 7, 2017.

**Status: SB 376, SJR 28 referred to Senate Finance 2/1/17.**

## **PROPERTY OWNER REQUESTS REAPPRAISAL FOLLOWING DESTRUCTION BY CASUALTY**

**SB 972 Zaffirini**  
Adds 23.025

SB 972 substitute adds that a property owner of a residence homestead owned and occupied by the owner may request the chief appraiser to reappraise the residence if a building on the property is completely destroyed by a casualty. The written request must be no later than 180 days after the casualty date. The chief appraiser reappraises unless a taxing unit has requested a reappraisal for other properties for the same casualty. The chief appraiser includes in the appraisal records the date of the casualty, appraised value before and after and any other information. The taxes on the property are adjusted for the number of days before and after the casualty. If the tax bill has already been mailed, the tax collector sends a corrected tax bill. If the tax has been paid, the tax collector shall refund the excess amount. The Comptroller adopts guidelines, including whether the property is completely destroyed and for calculating the appropriate value of any exemption and appraisal homestead cap on the home during or after the tax year.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2017.

**Status: SB 972 substitute passed Senate 3/22/17; reported from House Appropriations 5/17/17.**

## **Renditions**

### **RENDITION DEADLINES MOVED TO EARLIER DATES**

*The Property Tax Reform and Relief Act of 2017*

**SB 2 Bettencourt**  
Amends 21.09, 22.23

Renditions would be due April 1, instead of April 15. The automatic written-extension rendition deadline also would be earlier, a date not later than May 1, rather than May 15. SB 2 substitute adds that rendition statements and property reports for property regulated by the Public Utility Commission, Railroad Commission, Federal Surface Transportation Board or Federal Energy Regulatory Commission must be to the chief appraiser no later than April 30. The chief appraiser may extend the April 30 filing deadline for 15 days for good cause on written request of the property owner.

SB 2 substitute also changes the dates for filing the request for allocation of value for property that travels between states. The allocation application is changed to April 1, rather than May 1, and the deadline may be extended 30 days, not 45 days, after the date of receiving the 25.19 notice of appraised value. The chief appraiser for good cause shall extend the deadline for 30, not 60, days. House Committee Substitute SB 2 does not include these changes to Sections 21.09 and 22.23.

For more analysis of SB 2, see also *Appraisal District Administration, Appraisal, Exemption, Appraisal Review Board, Appraisal District Litigation, Assessment and Truth in Taxation* Sections.

Proposed Effective: 1/1/2018.

**Status: SB 2 substitute, with four floor amendments, passed Senate 3/21/17; received a point of order on House floor 5/18/17 and set on House Calendar 5/19/17.**

## Exemptions

### INCOME-PRODUCING PERSONAL PROPERTY EXEMPTION CAP INCREASED TO \$2,500

*The Property Tax Reform and Relief Act of 2017*

#### **SB 2 Bettencourt; SB 730 Bettencourt**

Amends 11.145; SB 2 substitute amends 11.4391

SB 730 exempts income-producing tangible personal property with a taxable value of less than \$2,500. Current law sets the value at less than \$500. SB 2 substitute, however, removes the change to this exemption amount.

SB 2 substitute also changes the deadline for the freeport exemption application to not later than June 1. Current law is before the date the ARB approves the appraisal records.

House Committee Substitute SB 2 does not change these exemptions.

For more analysis of SB 2, see also *Appraisal District Administration, Appraisal, Exemption, Appraisal Review Board, Appraisal District Litigation, Assessment and Truth in Taxation* Sections.

Proposed Effective: 1/1/2018.

**Status: SB 2 substitute, with four floor amendments, passed Senate 3/21/17; received a point of order on House floor 5/18/17 and set on House Calendar 5/19/17. SB 730 passed House 3/17/17; referred to House Ways & Means 5/5/17.**

### PARTIAL EXEMPTION APPLIED TO DISABLED VETERAN'S HOMESTEAD

#### **HB 150, HJR 21 Bell; SB 240, SJR 23 Creighton**

Amends 11.132, amends Tex. Const. Art. 8, Sec. 1(b)(1)

These bills and constitutional amendment amend the partial homestead exemption for disabled veterans to include housing donated to a disabled veteran for less than 50% of the estimate of market value by the charitable organization that donates the housing. Presently, this exemption is available only to those homes donated at no cost to the veteran.

Proposed Effective: 1/1/2018, if voters approve constitutional amendment November 7, 2017.

**Status: SB 240 referred to Senate Veteran Affairs & Border Security 1/30/17. HB 150, HJR 21**

**passed House 5/8/17; reported from Senate Veteran Affairs & Border Security 5/18/17 and recommended for Senate Local/Uncontested Calendar.**

### PROPERTY EXEMPTED IF LEASED TO CERTAIN CHARTER SCHOOLS

#### **SB 1030, SJR 42 Taylor**

Adds 11.211; amends Tex. Const. Art. 8, Sec. 2

SB 1030 and constitutional amendment exempt property leased to a charter school if the property owner's reduced taxes are passed along to the tenant charter school. The leasehold does not become taxable pursuant to Section 25.07.

Proposed Effective: 1/1/2018, if voters approve constitutional amendment November 7, 2017.

**Status: SB 1030, SJR 42 passed Senate 5/1/17; reported from House Ways & Means 5/8/17 and recommended for House Local & Consent Calendar.**

### LATE APPLICATION DEADLINE EXTENDED FOR HOMESTEAD AND DISABLED VETERAN'S EXEMPTIONS

#### **HB 626 Workham**

Amends 11.431, 11.429

HB 626 extends the deadline for the late application for a homestead exemption to two years after the delinquency date for the home taxes. Current law requires filing the application no later than one year after the delinquency date. The chief appraiser notifies each taxing unit's collector within 30 days after the date the application is approved. The collector is required to issue any refund not later than 60 days after the chief appraiser notifies the collector. For the disabled veteran's exemption, the application deadline is extended to no later than five years (from one year) after the delinquency date.

Proposed Effective: 9/1/2017.

**Status: HB 626 passed House 5/3/17; set on Senate Local/Uncontested Calendar 5/19/17.**

### ~~PHYSICIAN HOMESTEAD OFFERED EXEMPTION BY COUNTY~~

#### ~~**SB 1543, SJR 52 West**~~

~~Amends 11.13; adds Tex. Const. Art. 8, Sec. 1 b(n)~~

~~SB 1543 and constitutional amendment provide that the county may offer a homestead exemption to a~~

~~physician residing in the county who provides health care services to qualifying county residents that are indigent or on Medicaid for which the physician does not receive reimbursement for those services from any source. The exemption is based on a percentage of the home's value, not to exceed 50%. The county may express the percentage of the physician's total practice that is for qualifying county residents. The county commissioners provide the appraisal district with the exemption information, and the chief appraiser may require the physician to provide additional information.~~

~~Proposed Effective: 1/1/2018, if voters approve constitutional amendment November 7, 2017.~~

~~Status: SB 1543, SJR 52 left pending in Senate Finance 4/3/17.~~

OWNER OF GROUP HOME OR INTERMEDIATE CARE FACILITY RECEIVES EXEMPTION BASED ON 12-MONTHS OF OPERATING COSTS  
**HB 850, HJR 52 Turner**

Adds 11.35; adds Tex. Const. Art. 8, Sec. 1-p

HB 850 substitute and constitutional amendment provide the owner of a group home or an intermediate care facility to a property tax exemption equal to the amount of the costs incurred by the owner in maintaining, operating and improving the property during the preceding 12-month period. A group home is one that is primarily for individuals with intellectual disabilities. An intermediate care facility has individuals with development, physical or intellectual disabilities if at least 95% of the residents are on medical assistance under Human Resources Code Chapter 32. The Comptroller-adopted exemption application includes an affidavit stating the costs and any relevant information or documentation.

Proposed Effective: 1/1/2018, if voters approve constitutional amendment November 7, 2017.

**Status: HB 850 substitute, HJR 52 passed House 5/8/17; referred to Senate Finance 5/10/17.**

CHIEF APPRAISER LIMITED ON REAPPLICATION BY TOTALLY DISABLED VETERAN

**HB 1101 Pickett**

Amends 11.43

HB 1101 prevents the chief appraiser from requesting a new homestead exemption application to confirm current qualifications from a totally disabled veteran

who has a permanent total disability determined by the Veterans Administration.

Proposed Effective: 1/1/2018.

**Status: HB 1101 passed House 4/28/17; passed Senate 5/17/17. HB 1101 will go to Governor.**

PURPLE HEART RECIPIENT AND SURVIVING SPOUSE ENTITLED TO TOTAL HOMESTEAD EXEMPTION

**HB 1591, HJR 67 Bohac**

Adds 11.134 and amends 11.42, 11.43, 11.431, 26.10, 26.1125; amends Government Code 403.302; amends Local Government Code 140.011; amends Tex. Const. Art. 8, Section 1-b

HJR 67 is a constitutional amendment to provide for a total homestead exemption from property taxes for a Purple Heart recipient and to the surviving spouse. The enabling bill, HB 1591, died in the House. The surviving spouse is entitled to the total exemption on the same property to which the Purple Heart recipient's exemption applied if the spouse has not remarried since the death and the property was the residence homestead of the surviving spouse at the time of the recipient's death and remains the residence homestead. The surviving spouse may port the dollar amount of exemption to another homestead. If the Purple Heart recipient qualifies after January 1, the exemption applies only for a portion of the tax year. The homestead application is a one-time application and may be filed up to one-year after the delinquency date. The Comptroller adjusts the school property values for this exemption. Local taxing units may include the impact of this exemption in requesting state financial assistance from the Comptroller.

Proposed Effective: 1/1/2018, if voters approve constitutional amendment November 7, 2017.

**Status: HJR 67 passed House 5/11/17, but the enabling bill HB 1591 died in the House; HJR 67 received in Senate 5/12/17.**

MORE LOCAL GOVERNMENTS AFFECTED BY DISABLED VETERANS EXEMPTIONS MAY APPLY FOR STATE AID

**HB 2356 Cospet**

Amends Local Government Code 140.011; amends Transportation Code 201.996

HB 2356 revises which local governments may apply for state aid for being disproportionately affected by disabled veterans' exemptions and the resulting

revenue loss. Added to the local governments are the cities in a county in which a U.S. military installation is wholly or partly located and not just those that are adjacent to it and to a county that is adjacent to a county with a military base.

Proposed Effective: 9/1/2017.

**Status: HB 2356 passed House 4/28/17; received in Senate 5/1/17.**

#### NAVIGATION DISTRICT PROPERTY EXEMPT FROM TAXES

##### **SB 1133 Hinojosa**

Adds Water Code 60.005

SB 1133 provides that navigation district property is public property used for essential public and governmental purposes and exempt from all taxes and special assessments by the state or a political subdivision.

Proposed Effective: Immediately on Governor's signature, since by two-thirds of both houses.

**Status: SB 1133 passed Senate 4/26/17; passed House Calendar 5/11/17. SB 1133 sent to Governor 5/15/17.**

#### NON-PROFIT MEDICAL CENTER PROPERTY IS EXEMPT IN HARRIS COUNTY

##### **HB 2999 Bonnen; SB 1809 Huffman**

Amends 11.23

The bills add that, in a county with a population of 3.3 million or more (Harris County), all real and personal property owned by a nonprofit corporation organized exclusively for benevolent, charitable and educational purposes is exempt. The property uses add research and auxiliary uses to support the organization, such as invention, development and dissemination of materials, tools, technologies, etc. The Senate substitute of HB 2999 adds that this amendment to Section 11.23 does not exempt any interest in real or personal property of a for-profit lessee of property for which a nonprofit corporation is entitled to a property tax exemption. The Senate Floor Amendment further adds that this subsection may not be construed to exempt from taxation any interest in real or personal property, including a leasehold or other possessory interest, of a for-profit lessee of property for which a nonprofit corporation is entitled to exemption.

Proposed Effective: 1/1/2018.

**Status: HB 2999 passed House 4/20/17; passed, with one Senate floor amendment, Senate 5/18/17. SB 1809 left pending in Senate Finance 4/24/17.**

#### USE REQUIREMENT DEFINED FOR TANGIBLE PERSONAL PROPERTY MOVING IN AND OUT OF TEXAS

##### **HB 3103 Darby**

Amends 11.01

HB 3103 addresses tangible personal property used in Texas and outside of Texas to determine its situs for taxation. The property is considered to be used continually in Texas, whether regularly or irregularly, if the property is used in Texas three or more times on regular routes or for three or more completed assignments occurring in close succession throughout the year. A series of events in close succession are if they occur in sequence within a short period of intervals from the beginning to the end of the year.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2017.

**Status: HB 3103 passed House 5/9/17; left pending in Senate Finance 5/18/17.**

#### CHIEF APPRAISER LIMITED IN REQUESTING IDENTIFICATION FOR HOMESTEAD EXEMPTION; TAX COLLECTOR SENDS REFUND TO ADDRESS STATED BY OWNER

##### **HB 3446 Yvonne Davis**

Amends 11.43, 25.027, 26.15, 31.12

HB 3446 substitute provides that the chief appraiser may not require an applicant for a homestead exemption to provide any other identification, except current law on driver's license or state ID, to determine homestead address, unless the chief appraiser possesses reasonable evidence that the address is not the applicant's homestead. A chief appraiser may not require both spouses of a married couple to sign the residence homestead exemption application. A chief appraiser may not require proof of marriage. The chief appraiser may not deny or cancel an exemption for an expired state ID or because the individual has a temporary license or limited term license. The bill changes Section 25.027, which provides that the CAD may not post on its website a property owner's age or information that the owner is 65 years of age or older, to state that this age information does not apply to a non-searchable appraisal or tax roll dataset available for download



only. For a refund on a residence homestead, the owner may request that the tax collector send the refund to a particular address. If no written request is made, the tax collector sends the refund to the owner's most recent mailing address in the records of the tax collector. See also *Tax Collections*.

Proposed Effective: 9/1/2017.

**Status: HB 3446 substitute passed House 5/9/17; referred to Senate Finance 5/12/17.**

#### INCOME APPROACH USED AND EXEMPTION CHANGES MADE TO COMMUNITY LAND TRUSTS

##### **SB 1931 West**

Amends 11.1827, 23.21, 26.10; amends Local Government Code 373B.003

SB 1931 substitute revises the exemption qualifications for a community land trust to remove the requirement to meet the strict Tax Code Section 11.18 provisions for exclusively used. The community land trust is organized as a nonprofit corporation, a limited partnership with a nonprofit corporation controlling 100% of the general partner interest or a limited liability company with the nonprofit as the only member. Once the governing body of a taxing unit grants the exemption, the property continues to receive the exemption until the governing body rescinds by official action. In appraising for low-income housing, the chief appraiser is directed to use the income approach, taking into account the limitation in computing actual rental income and projecting future rental income and using the same capitalization rate used to appraise other rent-restricted properties. If the sale of a housing unit is subject to an eligible land use restriction, the chief appraiser may not appraise the housing unit in a tax year that exceeds the price for which the housing unit may be sold under the restriction for that tax year. Eligible land use restriction is an agreement recorded in the real property records, has a term of at least 40 years, restricts sales price that may be less than market value and restricts sale of unit to a family meeting income-eligibility standards. SB 1931 substitute adds to Section 26.10 that prorating the taxes for a tax year at the time the organization's exemption terminates does not apply to the sale of a housing unit to a family meeting the income-eligibility standards and the organization retains title to the land.

Proposed Effective: 9/1/2017.

**Status: SB 1931 substitute passed Senate 5/11/17; left pending in House Land & Resource Management 5/17/17.**

#### LEGISLATURE AUTHORIZED TO EXEMPT PRECIOUS METALS FROM TAXATION

##### **HB 3169, HJR 113 Capriglione**

Adds 11.141 and amends 11.42 and 11.43; adds Tex. Const. Art. 8 Sec. 1-p

HB 3169 substitute adds Section 11.141 that a person is entitled to exemption of precious metal owned and held in the Texas Bullion Depository, regardless of whether the precious metal is held or used for income production. A taxing unit's governing body may not provide for taxing precious metal under Section 11.14. The constitutional amendment would authorize the Legislature to exempt precious metals held in the Texas Bullion Depository from taxation. The substitute provides that the Legislature may define precious metals.

Proposed Effective: 1/1/2018, if voters approve constitutional amendment November 7, 2017.

**Status: HB 3169 substitute passed House 5/4/17 and HJR 113 passed House 5/10/17; left pending in Senate Finance 5/18/17.**

#### FIRST RESPONDER'S SURVIVING SPOUSE HOMESTEAD EXEMPTED

##### **SB 15 Huffines, SJR 1 Campbell**

Adds 11.134; amends 11.42, 11.43, 11.431, 26.10, 26.112; amends Government Code 403.302; adds Tex. Const. Art. 8, Sec. 1-b(o) and (p)

SB 15 and the constitutional amendment provide a 100% homestead exemption to the surviving spouse of a first responder killed while on duty. The exemption is transferrable in its dollar amount to a new homestead. The exemption is effective if the surviving spouse is an eligible survivor for purposes of Government Code Chapter 615, as determined by the Employees Retirement System, and has not remarried since the death of the first responder. The exemption applies regardless of the date of the first responder's death if the surviving spouse meets the qualifications. A one-time application is required. The application must be made within one year of qualification to be timely for the first year. The exemption applies for the whole first year but is prorated off if property ceases to qualify. The Comptroller adjusts the property values for school

districts for state aid adjustments to compensate schools for the loss.

Proposed Effective: 1/1/2018, if voters approve constitutional amendment November 7, 2017.

**Status: SB 15, SJR 1, with one Senate floor amendment, passed Senate 3/13/17; both voted from House Ways & Means 5/18/17.**

~~DISABLED VETERANS HOMESTEAD EXEMPTION GIVEN LATE APPLICATION PROCESS~~

**SB 97 Hall**

Amends 11.431; adds 11.4311

~~SB 97 authorizes the acceptance of the application of a disabled veteran's homestead exemption within one year after the date the Veteran's Administration approves the veteran for 100% disability.~~

~~Proposed Effective: 9/1/2017.~~

~~**Status: SB 97 referred to Senate Finance 1/24/17.**~~

~~LOCAL EXEMPTION BY CERTAIN TAXING UNITS GRANTED IN DOLLAR AMOUNT, WITH REDUCING OR REPEALING PERCENTAGE HOMESTEAD EXEMPTION AND ADJUSTING IN TRUTH IN TAXATION RATES~~

**SB 418, SJR 29 Watson**

Amends 11.13, 25.23, 26.012; amends Tex. Const. Art. 8, Sec. 1 b

~~SB 418 and constitutional amendment provide that a municipality or county that adopted a percentage homestead exemption in 2014 may repeal that exemption if it adopts a dollar amount of homestead exemption of at least \$5,000 by December 31, 2019. The exemption is adopted before July 1. If the average homestead appraised value in the unit exceeds \$25,000, based on the appraisal records, then the governing body may authorize a larger dollar amount not to exceed an amount equal to 20% of the average homestead's value in the year that the exemption is adopted. A homeowner who received the percentage homestead exemption is entitled to continue to receive that percentage exemption if it is higher than the dollar amount exemption. This choice ends when the home's ownership changes or there is a change in the trustor or beneficiary of the trust if the homestead is in a qualifying trust. The amount of the dollar exemptions is excluded from the current total value in the truth in taxation calculations.~~

~~Proposed Effective: 1/1/2018, if voters approve constitutional amendment November 7, 2017.~~

~~**Status: SB 418, SJR 29 referred to Senate Finance 2/1/17.**~~

CHARITY THAT DOES TAX RETURNS EXEMPT FROM PROPERTY TAXES

**SB 1345 Watson**

Amends 11.18

SB 1345 exempts a charitable organization's property used to provide tax return preparation and other financial services without the beneficiaries' ability to pay.

Proposed Effective: 1/1/2018.

**Status: SB 1345 passed Senate 4/18/17; reported from House Ways & Means 5/17/17 and recommended for House Local & Consent Calendar.**

TAX LIEN ON ERRONEOUS EXEMPTION ADDED TO APPRAISAL ROLL IS NOT ENFORCED AGAINST NEW OWNER

**SB 1745, SJR 55 Hinojosa**

Amends 11.43; amends Tex. Const. Art. 8, Sec. 15

SB 1745 and constitutional amendment provide that if the chief appraiser adds property or appraised value that was erroneously exempted in a prior year to the appraisal roll, a tax lien may not be enforced against the property for payment of taxes, penalties or interest as a result of adding the property if at any time after January 1 of that year the property was sold in an arm's length transaction to a person who was not related to the seller within the first degree by blood or marriage. See also *Delinquent Tax Litigation*.

Proposed Effective: 9/1/2017. Not contingent on voter approval of constitutional amendment November 7, 2017.

**Status: SB 1745 and SJR 55 substitute passed Senate 5/4/17; referred to House Ways & Means 5/9/17.**

COUNTY FAIRS ASSOCIATION EXEMPTION CHANGED TO REFER TO TEXAS RACING ACT  
**SB 1969 Kolkhorst**

Amends 11.23 and various sections of Occupations Code Title 13

SB 1969 changes the cite for the county fairs association exemption from Article 179e, Vernon's

Texas Civil Statutes to Subtitle A-1, Title 13, Occupations Code, Texas Racing Act.

Proposed Effective: 4/1/2019.

**Status: SB 1969 passed Senate 4/19/17; voted from House Licensing & Administrative Procedures 5/18/17.**

#### ~~PROCEDURES CHANGED FOR THE POLLUTION CONTROL EXEMPTION~~

##### ~~**SB 2028 Rodriguez**~~

~~Amends 11.31 and 11.43~~

~~SB 2028 requires the Texas Commission on Environmental Quality (TCEQ) to adopt by rule a list of property that is used wholly as a facility, device or method for controlling pollution. The TCEQ executive director can use previously determined property to compile the list. TCEQ reviews the list every five years. The fact that a property is on the list and TCEQ determined previously it was pollution control property does not preclude the chief appraiser from cancelling the exemption if the chief appraiser determines the property is no longer installed or no longer used. An exemption expires at the end of five years. To continue to receive the exemption, the person must file a new permit application or exemption request with TCEQ executive director and a new application with the chief appraiser by September 1 in the year the exemption expires. Exemptions granted before 1998 tax year expire the end of 2018 tax year unless the person uses the renewal process. Exemptions granted before 2003 but not before 1998 expire at the end of 2019 tax year. Exemptions granted before 2009 but not before 2003 expire at the end of the 2020 tax year. Exemptions granted before 2011 but not before 2009 expire at the end of the 2021 tax year. Exemptions granted before 2018 but not before 2011 expires at the end of the 2022 tax year. The exception for these expirations is that the property is on the TCEQ list of properties. The pollution control exemption returns to being an annual application process.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.~~

~~**Status: SB 2028 referred to Senate Finance 3/27/17.**~~

#### ~~FREEPORT PROPERTY EXEMPTION EXTENDED TO FULL YEAR AND OTHER CHANGES~~

##### ~~**SB 2043 Bettencourt**~~

~~Amends 11.251~~

~~SB 2043 extends the current exemption for freeport property from 175 days to 365 days to be transported out of Texas. No SJR was filed for the constitutional amendment.~~

~~Proposed Effective: 1/1/2018, if approve the constitutional amendment. No SJR filed to call for amendment at election November 7, 2017.~~

~~**Status: SB 2043 referred to Senate Finance 3/28/17.**~~

### Special Valuation

#### ~~UNCOMMON AGRICULTURAL USES ADDED FOR OPEN SPACE LAND APPRAISAL ON SMALL LAND TRACTS~~

##### ~~**SB 700 Zaffirini**~~

~~Adds 23.5215; amends 23.51~~

~~SB 700 adds guidelines for uncommon agricultural uses, particularly for small-scale producers on land under 10 acres. In consultation with the Texas A&M AgriLife Extension Service, appraisal districts and producers, the Comptroller shall develop these guidelines and may consider financial investment, degree of active management and percentage of land tract used for ag uses. The chief appraiser shall distinguish between the degree of intensity required for various agricultural methods, including organic, sustainable, pastured poultry, rotational grazing and other uncommon methods. Producing fruits and vegetables is added to the definition of agricultural use. Land under 10 acres that qualified under these guidelines may not subsequently qualify for wildlife management use.~~

~~Proposed Effective: 9/1/2017, and applies to appraisal of land for 2019 tax year and after.~~

~~**Status: SB 700 referred to Senate Finance 2/15/17.**~~

OWNER OF HEAVY EQUIPMENT INVENTORY  
GETS 10 EXTRA DAYS TO PREPAY TAX

**HB 1346 Button**

Amends 23.1242

HB 1346 gives the owner/dealer of heavy equipment inventory 20 days after the first of each month to file the required form and prepay the inventory tax. Current law requires the owner/dealer to file and pay by the 10th day of the month.

Proposed Effective: 9/1/2017.

**Status: HB 1346 passed House 4/13/17; passed Senate 5/11/17. HB 1346 sent to Governor 5/16/17.**

~~PREDATOR CONTROL MANAGEMENT ADDED  
FOR WILDLIFE MANAGEMENT USE~~

**SB 1209 Uresti**

Amends 23.51, 23.524

~~SB 1209 adds predator control activities on an owner's land as a qualifying wildlife management use. The landowner must be a member in good standing of the local predation management organization, current on membership dues and allow the organization or Texas Wildlife Services reasonable access to the land to conduct predation management activities. The local predation management organization must expend at least 70 percent of its annual budget conducting these activities or contributing to the Texas Wildlife Services. The Texas Parks and Wildlife Department, with assistance from the Texas A&M AgriLife Extension Service, shall develop what those activities include and a membership form with certification by the local organization. The landowner presents the membership form to the CAD to prove membership. The Comptroller by rule adopts the membership form and distributes to CADs.~~

~~Proposed Effective: 9/1/2017.~~

~~**Status: SB 1209 left pending in Senate Finance 4/24/17.**~~

AG ROLLBACK TAX DOES NOT APPLY TO  
CHANGE FOR OIL AND GAS LEASE

**HB 3198 Darby**

Amends 23.55

HB 3198 adds that the rollback tax for change of use for qualified agricultural land does not apply to land changed as a result of a lessee conducting oil and gas

operations under a lease for which the Texas Railroad Commission has jurisdiction.

Proposed Effective: 9/1/2017.

**Status: HB 3198 passed House 5/9/17; left pending in Senate Finance 5/15/17.**

QUALIFIED CITRUS PRODUCING LAND  
CONTINUES TO RECEIVE AG PRODUCTIVITY  
VALUE WHEN PEST CONTROL  
MANAGEMENT IS REQUIRED

**SB 1459 Hinojosa**

Adds 23.524

SB 1459 provides for temporary cessation of agricultural use to manage the spread of certain pests. Qualified agricultural land does not end because the land ceases to be devoted principally to ag use to the degree of intensity generally accepted if the land is in a pest management zone and appraised primarily for producing citrus. The owner has an agreement to destroy, remove or treat all citrus trees located on the land and infested with pests. The agreement, per Agriculture Code Section 80.003, is with the Texas Citrus Pest and Disease Management Corporation, the Agriculture Commissioner or the U. S. Department of Agriculture. The temporary cessation is for five years. The owner is required to notify the chief appraiser in writing within 30 days of the agreement about the temporary cessation and include a copy of the agreement. A change of use occurs if the owner does not fully comply with the terms of the agreement.

Proposed Effective: Immediately on Governor's signature, since passed by two-thirds of both houses.

**Status: SB 1459 passed Senate 4/19/17; passed House 5/5/17. SB 1459 sent to Governor 5/10/17.**

MEMBER IN MILITARY SERVICE DOES NOT  
LOSE AG VALUE DUE TO CESSATION OF AG  
ACTIVITY DURING SERVICE OUT-OF-STATE

**HB 777 Ashby**

Adds 23.253

HB 777 addresses a member of the armed services who is deployed out-of-state and who has land that qualifies for productivity valuation. The service member notifies the chief appraiser within 30 days of receiving the notice of deployment that the member intends to resume ag production to the requisite degree of intensity within 180 days of returning to Texas. The land's productivity value may not be removed due to cessation of agricultural activity.



Proposed Effective: Immediately on Governor's signature, since passed by two-thirds of both houses.

**Status: HB 777 passed House 4/18/17; passed Senate 5/11/17. HB 777 sent to Governor 5/15/17.**

AG-USE QUALIFICATIONS ADDED FOR U. S. VETERAN OR A YOUNG FARMER/RANCHER

**SB 330 Rodriguez**

Amends 23.51

SB 330 provides that land qualifies for open-space land appraisal if currently devoted principally to degree of intensity generally accepted in the area, was devoted to agricultural use or timber production in the preceding year and is owned by a veteran of the U. S. armed services or by an individual who was less than 35 years of age and had not served as the principal operator of a farm or ranch for any period of more than 10 consecutive years. The Senate floor amendment to SB 330 removes "managed" by a veteran, so the veteran owns the land.

Proposed Effective: 1/1/2018.

**Status: SB 330, with one Senate floor amendment, passed Senate 3/19/17; referred to House Agriculture & Livestock 4/13/17.**

STATE LEADERS REMOVED FROM APPROVAL OF COMPTROLLER'S AG AND TIMBER MANUALS

**SB 594 Creighton**

Amends 23.52 and 23.73

SB 594 removes the five-member state committee of Governor, Comptroller, Attorney General, Agriculture Commissioner and General Land Office Commissioner to approve the Comptroller's rule on the manuals for the appraisal of open-space land (ag) and of timber land. The Comptroller, with the review and counsel of the Department of Agriculture, approves the rules for these two manuals.

Effective: 1/1/2018.

**Status: NEW LAW. Governor signed SB 594 5/18/17.**

NO INTEREST ADDED TO AG ROLLBACK BILL

**SB 629 Schwertner**

Amends 23.46, 23.47, 23.55, 23.58

SB 629 removes the interest added to an agricultural rollback tax bill for land qualified under 1-d and 1-d-1. Current law has an annual 7% interest rate

calculated for each year on the ag rollback bill for 1-d-1. For an ag rollback tax bill that goes delinquent, penalty and interest is added.

Proposed Effective: 9/1/2017.

**Status: SB 629 passed Senate 3/27/17; referred to House Ways & Means 5/15/17.**

LAND USED AS ECO-LAB MUST HAVE QUALIFIED IN 2017 TO CONTINUE THAT APPRAISAL

**SB 1006 Nichols**

Amends 23.51

SB 1006 adds that land used principally as an eco-lab by a public or private university does not qualify for appraisal as open-space land unless the land was appraised as open-space land for that use for the 2017 tax year.

Proposed Effective: 1/1/2018.

**Status: SB 1006 passed Senate 4/19/17; reported from House Ways & Means 5/17/17 and recommended for House Local & Consent Calendar.**

~~QUALIFIED AG LAND IN SMALLER COUNTY HAS NO ROLLBACK TAX FOR CHANGE OF USE~~

**SB 1379 Zaffirini**

Amends 23.55

~~SB 1379 removes the agricultural rollback tax for a change of use for land qualified for productivity appraisal in a county with a population of less than 25,000.~~

~~Proposed Effective: 9/1/2017.~~

~~Status: SB 1379 referred to Senate Finance 3/16/17.~~

OIL AND GAS PRODUCTION DOES NOT END AG VALUATION

**SB 1514, SJR 51 Estes**

Adds 23.524; amends Tex. Const. Art. 8, Sec. 1-d-1

SB 1514 substitute bill and constitutional amendment add that the eligibility of land for agricultural productivity appraisal does not end because a lessee begins conducting oil and gas operations under a lease for which the Texas Railroad Commission has jurisdiction if the land otherwise continues to qualify for agricultural appraisal. The Senate floor amendments revise language in both SB 1514 and

SJR 51 that the land on which oil and gas operations are not being conducted otherwise continues to qualify for agricultural appraisal.

Proposed Effective: On date voters approve constitutional amendment November 7, 2017.

**Status: SB 1514 substitute, with one Senate floor amendment, and SJR 51 substitute, with one Senate floor amendment, passed Senate 5/8/17; both voted from House Ways & Means 5/18/17.**

OLD 1-D AG ROLLBACK TAXES FOR CONDEMNATION ARE CONDEMNING ENTITY'S OBLIGATION

**SB 1979 Schwertner**

Amends 23.46

SB 1979 adds to the provisions of the old 1-d ag use that the rollback taxes due because land was diverted to a nonagricultural use as a result of condemnation are the personal obligation of the condemning entity and not the property owner from whom the property was taken.

Proposed Effective: 9/1/2017.

**Status: SB 1979 passed Senate 5/4/17; referred to House Ways & Means 5/9/17.**

## **Appraisal Review Board (ARB)**

SPECIALIZED ARB PANELS REQUIRED IN LARGE DISTRICTS

*The Property Tax Reform and Relief Act of 2017*

**SB 2 Bettencourt**

Adds 6.425; amends 6.41, 6.414, 6.42, 25.22, 41.03, 41.11, 41.12, 41.44, 41.45, 41.66, 41.71

*Submission of Records*

SB 2 substitute provides that the chief appraiser shall submit the appraisal records to the ARB for review by May 1, instead of May 15, or as soon thereafter as practicable. House Committee Substitute SB 2 does not include this change.

*ARB Panels*

The appraisal district board of directors in a county with a population of 120,000 or more shall increase the size of the ARB to manage duties and to provide for specialized panels for complex properties. Four such panels, consisting of three members appointed by the ARB chair, are commercial, utilities, industrial

and multi-family. The ARB chair may create more than one special panel for each category. In selecting individuals, the local administrative district judge shall select an adequate number of qualified individuals to permit the ARB chair to fill the special panel positions. To be eligible to serve on these panels, a person must hold a law degree, an MBA, be a certified public accountant, a senior appraiser certified by ASA, an MAI, hold a CAE, have 20-plus years of experience in property tax appraisal or consulting or be licensed as a real estate broker or sales agent under Occupations Code Chapter 1101. If an insufficient number of members possess these qualifications, the ARB chair may appoint a member with a bachelor's degree in any field. House Committee Substitute SB 2 does include these changes for a special ARB panel.

A property owner in the specialized category may request that the protest be heard by the specialized property panel for that property category. If multiple panels exist and the protest is moved to another specialized panel, the property owner may consent to be heard the same day or may request a postponement. (This is the same for non-specialized property hearings.)

The concurrence of the majority of a panel or of the ARB is sufficient to decide a matter and a greater majority may not be required.

*Taxing Unit Challenge*

SB 2 provides that taxing units may no longer challenge the level of appraisals in a category or a territory before the ARB. Other grounds for challenge remain. House Committee Substitute SB 2 does include this change to Section 41.03.

*ARB deadline to Approve Appraisal Records Earlier*

SB 2 sets out the ARB shall substantially complete hearings and approve the appraisal records by July 5, instead of July 20. House Committee Substitute SB 2 does not change this date.

*Protest Deadline May 15*

SB 2 substitute changes the protest deadline to not later than the later date of May 15, instead of May 1, for all protests or the 30th day after the date the chief appraiser delivers the 25.19 notice to property owner. House Committee Substitute SB 2 does not change this date.

### *Protest Form for Specialized Properties*

The protest form for properties in the commercial, utility, industrial and multifamily categories must permit the owner to request a hearing before a specialized panel. If the owner fails to request a specialized panel, any panel may hear the protest of that owner. House Committee Substitute SB 2 does include this change for a special ARB panel.

### *Disapproved Panel Recommendations*

If the whole ARB disapproves a recommendation by a specialized panel for commercial, utility, industrial or multifamily properties, the whole ARB shall conduct the rehearing. If the ARB disapproves the recommendation for any other panel, the ARB must still provide a hearing before another panel. Notices of the rehearing are still required. House Committee Substitute SB 2 does include this change for a special ARB panel.

### *Weekend and Evening Hearings*

SB 2 provides that the ARB may schedule weekend hearings on a Saturday, but not a Sunday. Evening hearings may be scheduled after 5 p.m. on the weekday, but the first hearing for that evening may not be scheduled to begin after 7 p.m. House Committee Substitute SB 2 does not include this change on the ARB hearing dates and times.

For more analysis of these bills, see also *Appraisal District Administration, Appraisal, Exemption, Appraisal Review Board, Appraisal District Litigation, Assessment and Truth in Taxation* Sections.

Proposed Effective: 1/1/2018 for the concurrence of a majority of panel or board, barring of taxing unit challenges regarding levels of value and all other matters. 1/1/2019 for appointment of specialized panel members by the district judge, creation of specialized panels, inclusion of the right to request a specialized panel in the 25.19 notice and all other provisions with specialized panels.

**Status: SB 2 substitute, with four floor amendments, passed Senate 3/21/17; received a point of order on House floor 5/18/17 and set on House Calendar 5/19/17.**

### TAXING UNIT CHALLENGE LIMITED

#### **SB 1906 Bettencourt**

Amends

SB 1906 provides that taxing units may no longer challenge the level of appraisals in a category or a territory before the ARB. Other grounds for challenges remain. This is also in SB 2 above.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.

**Status: SB 1906 passed Senate 5/4/17; referred to House Ways & Means 5/9/17.**

#### ~~ARB SELECTS ITS CHAIRMAN AND SECRETARY~~

#### **SB 1907 Bettencourt**

Amends 6.42

~~SB 1907 returns the authority of selecting the ARB officers of chairman and secretary to the ARB rather than the CAD board of directors.~~

~~Proposed Effective: 9/1/2017.~~

~~**Status: SB 1907 referred to Senate Finance 3/23/17.**~~

### PROPERTY OWNER HEARD BY TELEPHONE AT ARB HEARING

#### **HB 455 Metcalf**

Amends 41.45

HB 455 substitute authorizes a property owner who gives advance notice at least 10 days before the ARB hearing or in the protest to appear by telephone conference call to offer argument. Or, the ARB proposes that the hearing be conducted by telephone conference call and the property owner agrees. Evidence must be submitted in advance by affidavit. The ARB shall provide a telephone number for the owner to call to participate in the hearing and hold the hearing in a location equipped with telephone equipment that allows each ARB member and other parties to hear the owner's argument. The owner may still appear in person. If the owner doesn't show, the evidence in the affidavit is to be submitted as appearance.

Proposed Effective: 9/1/2017.

**Status: HB 455 passed House 4/13/17; passed Senate 5/11/17. HB 455 sent to Governor 5/15/17.**

PROPERTY OWNER SENDS LESSEE COPY OF  
NOTICE OF APPRAISED VALUE

**HB 804 Dale**

Amends 41.413

HB 804 requires an owner to send the person leasing the owner's property under contract a copy of the notice of appraised value. HB 804 substitute provides that the owner and lessee may waive this requirement in the lease contract. The lessee may request that the chief appraiser send a copy of the notice to the lessee. The chief appraiser sends the notice to the lessee within five days after the notice is sent to the property owner, if the lessee demonstrates a contractual obligation to reimburse the owner for taxes on the property. The chief appraiser, however, is not required to send the notice to the lessee if the appraisal district posts the appraised value of the property on its website within five days after notices are mailed. Failure of the owner to send a copy of the notice to the lessee does not affect the time within which the lessee may protest the appraised value. The Senate substitute of HB 804 revises the language that this provision does not apply if the property owner and the lessee have agreed in the contract to waive the requirements or that the lessee will not protest the property's appraised value. The Senate floor amendment to HB 804 adds that a person leasing property under a described contract may designate another person to act as the agent of the lessee for property tax purposes. The lessee must make the designation by filing an agent appointment form provided in Section 1.111.

Proposed Effective: 9/1/2017.

**Status: HB 804 substitute passed House 5/9/17; reported substitute from Senate Finance 5/16/17 and passed, with one Senate floor amendment, 5/18/17.**

~~ARB CORRECTION REQUIRED IF HOME SELLS  
FOR LESS THAN APPRAISED VALUE~~

**SB 987 Buckingham**

~~Amends 25.25~~

~~SB 987 adds that on the motion of a property owner or chief appraiser, the ARB may direct that a homestead value be reduced for the current tax year and either of the two preceding tax years to the sales price of the homestead in the current tax year. The value change applies to a property that qualifies as the owner's residence homestead, the sales price is at~~

~~least 10 percent less than the property's appraised value and the ARB finds that the sales price reflects the property's market value.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2017.~~

~~Status: SB 987 referred to Senate Finance 3/6/17.~~

ARB MAY CORRECT APPROVED VALUE FOR  
ERROR OR INACCURACY ON BUSINESS  
PROPERTY RENDITION/REPORT

**SB 1847 Bettencourt**

Amends 25.25

SB 1847 adds to correcting appraisal records to provide that the ARB, on motion of a property owner, may order changes in the approved appraisal records for the current tax year and for the two preceding tax years to correct an inaccuracy in personal property's appraised value. SB 1847 has the motion from the chief appraiser or the property owner. The correction is to correct an error or omission in the rendition statement or property report filed by the owner. The ARB may not change the property's value if the owner failed to timely file the rendition or property report and was assessed the filing penalty; the ARB held a hearing and issued a determination on the property from a timely filed protest; or the property's value was the result of a written agreement between the owner or owner's agent and the CAD. SB 1847 also adds that no correction if the property was the subject of a previous correction on motion of the property owner.

Proposed Effective: 9/1/2017.

**Status: SB 1847 passed Senate 4/19/17; referred to House Ways & Means 5/4/17.**

PROPERTY OWNER MAY ELECT WHEN TO  
PRESENT EVIDENCE AT THE ARB HEARING

**SB 1767 Buckingham**

Amends 25.25, 41.66

SB 1767 adds that the property owner may elect to present the owner's evidence and argument at the ARB hearing before, after or between cases presented by the chief appraiser and each taxing unit (for a challenge hearing). The ARB's hearing procedures should state that the property owner may elect to present the owner's case at the ARB hearing before or after the CAD presents the CAD's case. SB 1767 substitute removes the provision in the filed version in Section 41.47 that the ARB may not determine the



property's appraised value at an ARB hearing to be greater than the appraised value submitted by the chief appraiser, unless agreed to by the parties to the protest.

Proposed Effective: 1/1/2018.

**Status: SB 1767 substitute passed Senate 4/12/17; reported from House Ways & Means 5/17/17 and recommended for House Local & Consent Calendar.**

~~PROPERTY VALUE LIMITED FOR TWO YEARS AFTER REDUCTION IN VALUE BY ARB OR APPEAL~~

**SB 403 Kolkhorst**

Adds 23.04

~~SB 403 prohibits the increase in the market value of real property in the first two years following the tax year in which the market value was reduced by at least 15% by the ARB, or as a result of the final determination of an appeal of an ARB order. The property's appraisal of a commercial or residential real property may increase for an improvement (other than normal repair or maintenance) made after the preceding year's appraisal. The property's restricted value is used for the Comptroller's Property Value Study but may not be used as a comparable property or in a ratio study sample for determination of an unequal appraisal.~~

~~Proposed Effective: 1/1/2018.~~

~~**Status: SB 403 referred to Senate Finance 2/1/17.**~~

CHANGES MADE TO COMPTROLLER TRAINING PROGRAM FOR ARB MEMBERS, SURVEYS AND NEW TRAINING PROGRAM FOR ARBITRATORS, ALONG WITH ADDITIONAL ARB CHANGES

**SB 669 Nelson**

Adds 5.043, 5.104, 41.462; amends 5.041, 5.103, 6.412, 6.42, 25.25, 41.45, 41.46, 41.461, 41.47, 41.66, 41.67, 41A.06, 41A.061, 41A.09; House Committee Substitute amends 1.085 and adds 5.01

SB 669 substitute requires the beginning ARB training class by the Comptroller to be at least eight hours of classroom training and education. The advanced ARB training class must be at least four hours.

The Comptroller shall provide an arbitration manual and other materials in training arbitrators and

approved unanimously by a committee selected by the Comptroller of taxpayers and chief appraisers. A revision to the manual must be approved by unanimous agreement; the person requesting the revision must pay the costs of medication if the Comptroller determines that mediation is required. The Comptroller shall supervise a four-hour training program for arbitrators on property tax law, including equal and uniform appraisal. The Comptroller may contract with a service provider for the arbitrator training, but not with a CAD, chief appraiser, CAD employee, CAD director, ARB member or a taxing unit. The Comptroller fee may not exceed \$50 per person. A person may not serve as an arbitrator or be renewed until completing the Comptroller training. The training may be online and the Comptroller rule shall prescribe the verification that the training program was taken online and completed.

The Comptroller shall prepare a survey that allows property owners or agents who file a protest under Chapter 41 or a motion under 25.25 to the ARB or a designated representative of the CAD to submit comments and suggestions on fairness and efficiency. The survey is provided at or before each protest hearing or delivered by the ARB for 25.25 (corrections) or Chapter 41 protests. The person may submit the survey to the Comptroller in person, by mail, by email or through the Comptroller's website and may do so no later than the 45th day after sent to the owner or agent. The designated CAD representative has 45 days from the date the form is sent to the owner or agent. The CAD may not require a property owner or agent to complete the survey form at the appraisal office but be permitted to submit the form to the Comptroller. The Comptroller issues an annual report summarizing the surveys, but not disclosing the identity the person submitting the form.

In addition to other restrictions, a person may not serve on the ARB who is related within the 3rd degree by blood or 2nd degree by marriage to a member of the CAD board of directors or ARB. A person appointed to the ARB by an administrative law judge may not be reappointed after serving all or part of three previous terms as an ARB member or auxiliary ARB member. The bill has the administrative law judge in each county selecting the ARB chair and secretary, rather than the CAD board in less populated counties.

In a 25.25 panel hearing on correcting a value for an error or overappraisal, the ARB panel shall provide the owner or agent with the panel's recommendation.

The ARB notice for a protest hearing shall also include the subject matter of the hearing. The bill clarifies that the chief appraiser sends the owner/agent at least 14 days before the *first* scheduled hearing certain information, so that same information is not required to be sent for re-scheduled hearing dates. New Section 41.462 provides that if requested by a property owner or agent, the CAD shall make any evidence to be used in the protest hearing available to the property owner or agent at least 14 days before the hearing date. The CAD provides the evidence at no charge to the requestor, regardless of the means of delivery. An ARB panel shall make a written order of the panel's decision. The ARB may not determine the appraised value of a protested property to an amount greater than the value submitted by the chief appraiser. The ARB determination sent by certified mail is delivered not later than the 15th day after the protest and is sent to either the owner or the designated agent, along with a copy of the Comptroller's ARB survey and instructions. The ARB may also postpone a hearing at the request of the agent (not just the owner). The ARB may schedule hearings on all protests filed by an owner or agent to be held consecutively, with the hearing notice stating the date and time of first hearing, state the date the last hearing will end and list the order of the hearings to be held. The hearing order may not be changed without agreement of the owner/agent, the chief appraiser and the ARB. A re-scheduled hearing may not be held before seven days after the last hearing unless there is agreement by the owner/agent, chief appraiser and ARB. Unless agreed by the parties, the ARB must provide written notice of the date and time of the rescheduled hearing to the owner or agent no later than seven days before the hearing date. At the end of a protest hearing, the ARB shall provide the owner/agent with one or more documents that the ARB members signed the ex-parte communications affidavit and the panel's recommendation on the property's value. Information not delivered at least 14 days before the first scheduled hearing may not be used or offered in a form as evidence, including as a document or through argument or testimony.

The House Committee substitute of SB 669 adds Section 5.01 for the Comptroller's Property Tax

Administration Advisory Board (removed from House Committee Substitute of SB 2). A minimum six-member Property Tax Administration Advisory Board will be created to improve the effectiveness and efficiency of the property tax system, best practices and complaint resolution. The Advisory Board will consist of representatives of property owners, appraisal districts, school districts and a person having knowledge or experience with ratio studies. The Comptroller appoints the members. Any advice to the Comptroller provided by a member of the Board must be provided at a meeting called by the Comptroller. Government Code Chapter 2110 does not apply to the Advisory Board.

The House Committee substitute of SB 669 also amends Section 1.085 to include any information required by Section 41.461 to be provided to the designated agent in an electronic format. It lists the persons who may complete an ARB survey. It adds that a person may submit only one ARB survey form for each motion or protest. The substitute adds that the concurrence of a majority of the ARB members or an ARB panel is sufficient for a recommendation, determination, decision or other action of the board or panel, and a concurrence of more than a majority of the members of the ARB or panel may not be required. It amends Section 46.461 that the chief appraiser may not charge a property owner or agent for copies, regardless of the manner in which the copies are prepared or delivered and removes the total charges in current law that state not to exceed \$15 and \$25 depending on property type. The chief appraiser may deliver the requested information by first class mail or by email agreement or to the CAD's website location on which the information is identifiable and readily available. If to a website location, the notice to the property owner or agent must clearly indicate that the owner or agent may request the information by first-class mail.

The House Committee Substitute of SB 669 also provides that the ARB may schedule weekend hearings on a Saturday, but not a Sunday. Evening hearings may be scheduled after 5 p.m. on the weekday, but the first hearing for that evening may not be scheduled to begin after 7 p.m. The House Committee Substitute of SB 2 removed this change, so the committee is adding it to SB 669.

The House Committee Substitute of SB 669 also adds another provision not included in House Committee Substitute 2 dealing with binding arbitration. The property value ceiling increases from \$3 million (or less) to \$5 million (or less) in the ARB order to appeal through binding arbitration as an alternative to district court. For non-homestead residential properties that are more than \$3 million but less than \$5 million in value, the filing fee is \$1,250, with the arbitrator's fee not more than \$1,200 for such properties. It also clarifies sales agents, instead of salespersons, may serve as arbitrators. Arbitrators are required to complete the course for training and education of ARB members provided by the Texas Comptroller and receive a Comptroller certification certificate and are required to complete the training program property tax law.

Proposed Effective: 1/1/2018.

**Status: SB 669 substitute passed Senate; reported as substituted from House Ways & Means 5/18/17 and set on House Calendar 5/20/17.**

~~PERSON IS INELIGIBLE TO SERVE ON ARB IF CLOSE RELATIVE OF ANOTHER ARB MEMBER~~

**SB 804 Taylor**  
Amends 6.412

~~SB 804 adds another restriction to be appointed as an ARB member that a person is ineligible to serve if related within the first degree by blood or marriage to a member of the ARB, including an auxiliary ARB member.~~

Proposed Effective: 9/1/2017.

**Status: SB 804 referred to Senate Finance 2/22/17.**

ARB HEARING MAY NOT BE ON A SUNDAY

**SB 870 Bettencourt**  
Amends 41.71

SB 870 changes the provision for evening and weekend hearings to state that an ARB may not schedule a protest hearing on a Sunday.

Proposed Effective: 9/1/2017.

**Status: SB 870 set on Senate Intent Calendar 5/17/17.**

~~ARB TERM LIMITS REVISED FOR COUNTY UNDER 100,000 POPULATION~~

**SB 971 Zaffirini**  
Amends 6.412

~~SB 971 revises the limitation on consecutive terms by an ARB member of all or part of three consecutive terms. The bill adds that the limitation does not apply to an ARB member in a county with a population of less than 100,000 if, at the time the ARB member's term expires, there is no person seeking appointment to the ARB who is eligible to serve and who could fill that position on the ARB.~~

Proposed Effective: 9/1/2017.

**Status: SB 971 referred to Senate Finance 3/1/17.**

COMPTROLLER BY RULE SETS OUT FORM AND MANNER FOR PROPERTY OWNER'S EVIDENCE FOR ARB HEARING RECORD; COMPTROLLER SELECTION AND REMOVAL OF ARBITRATORS

**SB 1286 Bettencourt; similar HB 3557 Murphy**  
Amends 41.45, 41A.061, 41A.07

The bills add that the Comptroller by rule shall set out the manner and form, including security requirements, for a person to provide a copy of written evidence or other material for the ARB to retain as part of the ARB's hearing record and to include specifications for the audiovisual equipment provided by the CAD for use by the property owner or owner's agent. For the Comptroller's registry of arbitrators, the bill requires the Comptroller to select the arbitrator, rather than the property owner and CAD. SB 1286 substitute requires that, to be appointed an arbitrator for a particular case, the arbitrator must be a resident of the county where the property is located or in this state if no one is available in the county. (The substitute removes being within 50 miles of the county). A person may not serve as an arbitrator in that county if, during the preceding five years, the person was a paid tax agent, CAD officer, CAD employee or ARB member in the CAD in which the property is located. The Comptroller shall remove from the registry a person who shows repeated bias or misconduct while acting as an arbitrator. See also *Appraisal District Litigation*.

Proposed Effective: 9/1/2017, with the Comptroller rules adopted by January 1, 2018.

**Status: SB 1286 substitute passed Senate 4/18/17; reported from House Ways & Means 5/17/17 and**

**recommended for House Local & Consent Calendar. HB 3557 passed House 4/27/17; referred to Senate Finance 5/16/17.**

~~CORRECTING APPRAISAL ROLL CHANGED FROM ONE THIRD VALUE ERROR TO CORRECT MARKET OR MEDIAN VALUE OF COMPARABLE PROPERTIES~~

**SB 2061 Kolkhorst**

Amends 25.25

~~SB 2061 changes the current provision for a late appraisal roll change when the appraised value exceeds by more than one third the correct appraised value. The new language is the error may be corrected if the appraised value exceeds the market value of the property or the median appraised value of a reasonable number of comparable properties appropriately adjusted.~~

~~Proposed Effective: 9/1/2017.~~

~~**Status: SB 2061 left pending in Senate Finance 4/10/17.**~~

## **Appraisal District Litigation**

ARBITRATION CATEGORY EXPANDED TO PROPERTIES \$5 MILLION OR LESS

*The Property Tax Reform and Relief Act of 2017*

**SB 2 Bettencourt**

Amends 41A.01, 41A.03, 41A.06

The property value ceiling increases from \$3 million (or less) to \$5 million (or less) in the ARB order to appeal through binding arbitration as an alternative to district court. For non-homestead residential properties that are more than \$3 million but less than \$5 million in value, the filing fee is \$1,250, with the arbitrator's fee not more than \$1,200 for such properties. It also clarifies sales agents, instead of salespersons, may serve as arbitrators. **House Committee Substitute SB 2 does not include these changes to arbitration.**

For more analysis of SB 2, see also *Appraisal District Administration, Appraisal, Exemption, Appraisal Review Board, Appraisal District Litigation, Assessment and Truth in Taxation* Sections.

Proposed Effective: 1/1/2018.

**Status: SB 2 substitute, with four floor amendments, passed Senate 3/21/17; received a point of order on House floor 5/18/17 and set on House Calendar 5/19/17.**

SETTLEMENT AGREEMENT MAY INCLUDE WAIVING PENALTY AND INTEREST ON ADDITIONAL TAX DUE

**SB 931 Seliger**

Amends 42.42, 42.43

SB 931 provides that, for a settlement agreement filed with the court, the property owner and chief appraiser may agree to waive the penalties and interest on the additional tax due each taxing unit as a term of the agreement.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2017.

**Status: SB 931 left pending in Senate Finance 3/27/17.**

CAD EMPLOYEE MUST HAVE CERTIFICATION TO TESTIFY ON VALUE AT COURT HEARING

**SB 521 Creighton**

Amends 42.29

SB 521 provides that a CAD employee may not testify at a court hearing on the value of a property unless the employee is authorized to perform real estate appraisals under Occupations Code Chapter 1103, which is the registration and certification of property tax professionals by TDLR.

Proposed Effective: 9/1/2017.

**Status: SB 521 passed Senate 5/11/17; voted from House Ways & Means 5/18/17.**

PROPERTY VALUE INCREASED FOR APPEALING THROUGH ARBITRATION

**SB 731 Bettencourt**

Amends 41A.01, 41A.03, 41A.06

SB 731 increases the value of a property that an owner may appeal the ARB decision to binding arbitration from \$3 million to \$5 million or less. The bill adds a fee of \$1,550 for a property that is not an owner's residence homestead and the appraised value of the property is more than \$3 million but not more than \$5 million.

Proposed Effective: 9/1/2017.

**Status: SB 731 passed Senate 3/22/17; reported from House Ways & Means 5/17/17 and**



**recommended for House Local & Consent Calendar.**

COURT DETERMINES INTEREST PAID ON TAX REFUNDS FROM COURT APPEALS

**HB 2253 Darby; SB 1749 Hinojosa**

Amends 42.43

HB 2253 provide that the court determines the amount on which interest is to be calculated on a tax refund from an appeal from the ARB to district court. The taxing unit shall include interest on all or a portion of the amount refunded.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2017.

**Status: HB 2253 substitute passed House 4/18/17; reported substitute from Senate Finance 5/12/17 and placed on Senate Intent Calendar 5/18/17. SB 1749 removed from scheduled hearing in Senate Finance 4/10/17.**

COMPTROLLER BY RULE SETS OUT FORM AND MANNER FOR PROPERTY OWNER'S EVIDENCE FOR ARB HEARING RECORD; COMPTROLLER SELECTION AND REMOVAL OF ARBITRATORS

**SB 1286 Bettencourt; similar HB 3557 Murphy**

Amends 41.45, 41A.061, 41A.07

The bills add that the Comptroller by rule shall set out the manner and form, including security requirements, for a person to provide a copy of written evidence or other material for the ARB to retain as part of the ARB's hearing record and to include specifications for the audiovisual equipment provided by the CAD for use by the property owner or owner's agent. For the Comptroller's registry of arbitrators, the bill requires the Comptroller to select the arbitrator, rather than the property owner and CAD. SB 1286 substitute requires that, to be appointed an arbitrator for a particular case, the arbitrator must be a resident of the county where the property is located or in this state if no one is available in the county. (The substitute removes being within 50 miles of the county). A person may not serve as an arbitrator in that county if, during the preceding five years, the person was a paid tax agent, CAD officer, CAD employee or ARB member in the CAD in which the property is located. The Comptroller shall remove from the registry a person who shows repeated bias or

misconduct while acting as an arbitrator. See also *Appraisal Review Board*.

Proposed Effective: 9/1/2017, with the Comptroller rules adopted by January 1, 2018.

**Status: SB 1286 substitute passed Senate 4/18/17; reported from House Ways & Means 5/17/17 and recommended for House Local & Consent Calendar. HB 3557 passed House 4/27/17; referred to Senate Finance 5/16/17.**

ATTORNEY FEES FOR SUCCESSFUL COURT APPEALS CHANGED

**SB 1848 Bettencourt**

Adds 42.291 and amends 42.29

SB 1848 removes the cap on attorney fees based on the property owner's tax liability being reduced as a result of the appeal. The award of attorney fees for a successful appeal by a property owner in certain appeals is changed to the greater of (1) \$27,000 or the adjusted amount under Section 42.291 or (2) an amount equal to 20% of the total amount by which the owner's tax liability is reduced as a result of the appeal but not to exceed \$153,000, or the adjusted amount determined under Section 42.291. These appeals include under Section 42.25 or 42.26, for a 25.25 appeal and for the denial of an exemption under certain provisions. New Section 42.291 ties the attorney's fees to the cost of living adjustment indicated by the consumer price index. The index is set on January 1 of each odd-numbered year, using the period from September 1, 2017 and ending on September 1 preceding the date of the determination. The Comptroller shall make the required determination and publish in the *Texas Register*.

Proposed Effective: 9/1/2017.

**Status: SB 1848 passed Senate 5/1/17; referred to House Ways & Means 5/8/17.**

~~COMPTROLLER DETERMINES IF ARBITRATOR IS QUALIFIED IF CAD COMPLAINT IS FILED~~

**SB 1908 Bettencourt**

~~Amends 41A.07~~

~~SB 1908 provides that if the property owner proposed an arbitrator, the CAD may not reject the arbitrator unless the CAD files a complaint with the Comptroller objecting that the arbitrator is not qualified. The Comptroller investigates. No later than seven days, the Comptroller determines whether the~~

arbitrator is qualified or not. If the Comptroller rules qualified, the complaint is dismissed and the CAD must agree to that arbitrator. If not qualified, the arbitrator is removed from the Comptroller's registry and the parties select a different arbitrator. The deadlines are extended.

Proposed Effective: 9/1/2017.

**Status: SB 1908 referred to Senate Finance 3/23/17.**

#### INTEREST RATE CHANGED IN TAX CODE

##### **SB 2198 Campbell**

Adds 1.13 and 1.14 and amends 11.135, 11.181, 11.185, 11.201, 23.46, 23.55, 23.76, 23.86, 23.96, 23.9807, 26.09, 31.12, 33.01, 33.06, 33.065, 42.42,

SB 2198 changes the interest rate used to accrued on various provisions of the Tax Code, including special valuation rollback taxes, omitted property, delinquent taxes, tax refunds, tax deferrals and others. The annual interest rate is the lesser of 12% or the sum of 2% and the prime rate published by the Federal Reserve Board on the first business day of the calendar year for which simple interest is calculated. The Comptroller posts the interest rate on the Comptroller's website, beginning with the 2018 calendar year. The parties to a motion, effort or appeal may agree to waive or reduce the interest that accrues on a tax, penalty or refund that is subject to a 25.25 error correction; on a delinquent tax or a delinquent tax lawsuit to collect; or for an appeal to district court. The written agreement is required before the court issues the order for the delinquent tax lawsuit or pending appeal. A district court may waive or reduce interest that has accrued as part of the final judgment to the extent the interest is waived or reduced by agreement. See also *Appraisal District Administration and Delinquent Tax Collections*.

Proposed Effective: 9/1/2017.

**Status: SB 2198 referred to Senate Finance 3/29/17.**

#### PROPERTY OWNER MAY APPEAL INCREASE IF VALUE WAS LOWERED IN PRECEDING TAX YEAR

##### **SB 2207 Hancock**

Adds 42.27 and amends 42.01

SB 2207 provides that a property owner may appeal an increase in appraised value if the appraised value was lowered in the preceding tax year under

circumstances in Section 23.01(e). That subsection provides that the chief appraiser must have substantial evidence to increase a property owner's value that was lowered in the preceding tax year by the ARB, by the arbitration process or by the court. For this appeal, new Section 42.27 is for the limited purpose of determining whether the chief appraiser met the burden of proof required to increase the value. If the chief appraiser did meet the burden of proof, the court dismisses the appeal. If the chief appraiser failed to meet the burden of proof, the court fixes the value and orders the chief appraiser to correct the appraisal roll. Neither party may conduct discovery. The court may award court costs and reasonable attorney's fees. A property owner may protest to the ARB an action relating to the property's value that, in the same tax year, was the subject of a 42.27 appeal.

Proposed Effective: 9/1/2017.

**Status: SB 2207 left pending in Senate Finance 4/10/17.**

## Assessment & Truth-in-Taxation

### INCREASE IN TAX RATE IS LIMITED TO 4% ABOVE EFFECTIVE TAX RATE; ROLLBACK ELECTIONS BECOME RATIFICATION ELECTIONS FOR ALL TAXING UNITS; MAJOR DEADLINES IN ASSESSMENT PROCESS CHANGED

*The Property Tax Reform and Relief Act of 2017*

*House Committee Substitute SB 2 renames the bill the Property Tax Payer Empowerment Act of 2017.*

##### **SB 2 Bettencourt**

Adds 26.061 and 26.062 and amends 26.01, 26.012, 26.04, 26.041, 26.043, 26.044, 26.0441, 26.05, 26.052, 26.06, 26.08, 26.16, 31.12, 33.08; repeals 26.07; amends Local Government Code 102.007, 111.008, 111.039, 111.068 and repeals 140.010; amends Education Code 45.105 and 130.016; amends Health and Safety Code 281.124; amends Special District Local Laws Code 1101.254, 1122.2522, 3828.157, 8876.152 and repeals 1063.255; amends Water Code 49.107 and 49.108, 49.236 and repeals 49.236 (2003) and 49.2361; amends Government Code 403.302(o) and repeals (m-1) and (n)

House Committee Substitute SB 2 adds 26.17 and 26.18 and amends 26.012, 26.04, 26.041, 26.043,

26.044, 26.0441, 26.05, 26.052, 26.06, 26.065, 26.08, 26.16; amends Education Code 45.105; amends Local Government Code 102.007, 111.008, 111.039, 111.068, and 140.010; amends Special District Local Laws Code 8876.152; amends Water Code 49.236 and repeals 49.236 (2003) and 49.2361

SB 2 substitute limits the increase in the rollback tax rates for all taxing units (except school districts) to an increase of 5% (changed the original 4% to 5%, current law is 8%). If the taxing unit is located in a disaster area, as declared by the Governor or President, then the governing body may instruct that 8% be used for the current year. All rollback tax elections are converted to ratification tax elections with no requirement of a citizen petition to initiate a vote to retain the rate.

The chief appraiser certifies appraisal rolls to each taxing unit by July 10, rather than July 25. The chief appraiser has until May 15, rather than April 30, to provide certified estimates of the amount of tax rolls for each city, county and school district.

The “No-new-taxes” rate replaces the effective rate. By July 15 (rather than August 1), the taxing unit’s assessor submits the appraisal roll to the governing body and the tax collector certifies the anticipated collection rate. The governing body’s designated officer or employee calculates the “no-new-taxes” rate and rollback rate and submits the calculations to the county tax assessor-collector. The county tax assessor-collector or designee certifies in writing that the values used are the same as shown on the appraisal roll and that the tax rates are calculated correctly. The county tax assessor-collector or designee executes a written certification to that effect, attaches the certification to each worksheet and submits them to the governing body of the unit and notifies the designated officer or employee about the submission. The designated officer or employee of the unit may not submit the rates’ calculations and the taxing unit’s governing body may not adopt until the county tax assessor-collector does the certification. The designated officer submits the rates to the governing body by July 22, rather than by August 1. By July 27, the designated officer or employee publishes the TNT information in the newspaper or mails to the property owners in the taxing unit. The “no-new-taxes” rate and notice requirement do not apply to a school district. The assessor may not certify an anticipated

collection rate that is lower than the lowest actual collection rate in the preceding three years (note: the substitute states assessor at one point and collector at another for this duty). A taxing unit that imposes an additional sales tax to reduce property tax may not adopt the tax rate until the chief financial officer or auditor submits to the governing body a written certification that the amount of additional sales and use tax revenue used to pay debt service has been deducted from the total amount published. The Comptroller adopts rules governing the certification forms required with the new law.

The taxing units’ governing body must adopt its tax rate before September 30 or 60 days after the roll is received, unless the governing body votes to increase the rate above the rollback rate, which must be done by August 15. The vote on the tax rate must be before the 7th day after the second notice is published under the Tax Code (instead of the 14th. The language for the *Notice of Public Hearing on Tax Increase* is changed, based on if the proposed rate exceeds the “no-new-taxes” rate and the rollback rate; exceeds the “no-new-taxes” rate but not the rollback rate; does not exceed the “no-new-taxes” rate but does exceed the rollback rate (lower of the two rates). The *Notice of Tax Revenue Increase* changes to the new terms. For a taxing unit, other than a school district, a new notice, *Notice of Meeting to Vote on Tax Rate*, is for a proposed rate that does not exceed lower of “no-new-taxes” rate or rollback tax rate.

For all of these notices, a statement that the tax assessor maintains a website with tax calculations available or, if no website, how to contact the tax assessor. For all of the notices, the bill requires a specific table, consisting of five rows and four columns, formatted in a specific way, with total rate, preceding year’s adopted rate, proposed rate, nominal and percentage difference of rate; average homestead value, average taxable value for preceding year and current year and percentage difference, tax on average homestead preceding year and current year and nominal and percentage differences; and total tax levy last year and levy with the proposed rate and the nominal and percentage differences. Water districts have changes to their notice and specific requirements about the petition and election process for a ratification election. Counties and cities move back to following the TNT notices in the Tax Code and not the Local Government Code.

A ratification election, if necessary, must be held on the November general election date by any taxing unit that exceeds the rollback rate. The order calling the election may not be issued later than August 15.

Each county is required to maintain an Internet website. The county assessor-collector shall post the five years of rate information, with the “no-new-taxes” tax rate and “no-new-taxes” M&O rate. In addition, the county tax assessor-collector shall post on the county’s website the worksheets used by the designated officer or employee for each taxing unit for the most recent five years beginning with the 2018 tax year and as certified by the county tax assessor-collector, along with the name and contract information for each member of taxing unit’s governing body. The county tax assessor-collector shall post the worksheets for the current tax year not later than August 1.

The second version of the House Committee Substitute of SB 2 changes the Truth-in-Taxation requirements from the SB 2 substitute for transparency and taxpayer involvement. The Comptroller prescribes electronic calculation forms for the no-new-revenue tax rate and the rollback tax rate. Taxing units other than school districts have the no-new-revenue rate and changes to the rollback rate, which stays at 8%. School districts have the no-new-revenue tax rate, the rollback tax rate and the rate to maintain same amount of state and local revenue per student. The designated officer or employee completing the forms submit them electronically to the chief appraiser. The governing body may not adopt the tax rate until the designated officer or employee certifies the tax rates. These rates and other property tax information are delivered by mail to each property owner, published in a newspaper or posted prominently on the home page of the unit’s website. By August 7 or thereafter, the chief appraiser delivers by regular mail or email to each property owner that the estimated taxes to be imposed on the owner’s property by each unit is located on the property tax database maintained by the appraisal district. The language of this notice is set out in the Tax Code Section 26.04. Notices for all types of taxing units are revised. The governing body may not hold a public hearing on a proposed tax rate or a public meeting to adopt the tax rate until the 14<sup>th</sup> day after the officer or employee complies with new Section 26.17. For a

taxing unit other than a school district, the governing body may not adopt the tax rate until the chief appraiser delivers the new required notice and the tax rate calculation forms are posted into the property tax database available to the public and the taxing unit has posted the required information on its website. New Section 26.17 is a database of property-tax-related information maintained by the appraisal district. New Section 26.18 is the posting of tax rate and budget information by a taxing unit to its website. [This second version of the House Committee Substitute removes the petition rollback rate (based on the consumer price index plus 3%) and the election rollback tax rate (based on the CPI plus 6%). Small taxing units that are subject only to the petition rollback rate have a rate of 2 cents or less or levy \$10 million or less in taxes.]

For more analysis of SB 2, see also *Appraisal District Administration, Appraisal, Exemption, Appraisal Review Board, Appraisal District Litigation, Assessment and Truth in Taxation* Sections.

Proposed Effective: 1/1/2018, for the 2018 tax rates.

**Status: SB 2 substitute, with four floor amendments, passed Senate 3/21/17; received a point of order on House floor 5/18/17 and set on House Calendar 5/19/17.**

~~ANOTHER VERSION FILED FOR REVISIONS TO TRUTH IN TAXATION~~

~~**SB 2239 Bettencourt**~~

~~Adds 5.092, 26.035 and 26.17, and amends 5.07, 5.091, 25.19, 26.01, 26.012, 26.04, 26.041, 26.043, 26.044, 26.0441, 26.05, 26.052, 26.06, 26.065, 26.08, 26.16, 321.106, 321.108, 323.105; repeals 26.03, 26.045; amends Education Code 45.105; amends Local Government Code 102.007, 111.008, 111.039, 111.068, 140.010~~

~~SB 2239 substitute has some items in SB 2 dealing with Truth in Taxation, but with revised language.~~

~~*Comptroller duties*~~

~~The Comptroller prescribes the worksheets used by the designated officer or employee to calculate the “no new taxes” tax rate and rollback rate and be completed electronically with data entered by the officer/employee, certified as complete and electronically submitted to Comptroller. The statewide list of tax rates will add the school districts (currently not required) and be organized~~



alphabetically by county or counties in which each taxing unit is located rather than descending order by rate. The Comptroller shall maintain a searchable property tax database, continuously updated as preliminary and revised data is available, of each property listed on an appraisal roll, including property ID, market value, taxable value, taxing unit names and rate information. For a unit, other than a school district, the rates are the no new taxes rate, rollback tax rate and proposed rate. For school districts, the rates are the rate to maintain same state and local revenue per student from the preceding tax year, rollback rate and proposed rate. The database includes taxes imposed based on the no new taxes rate and proposed rate; for a school, taxes imposed with same level per student and proposed rate, along with the differences between the taxes. The database includes the date and location of each public hearing and meeting to adopt the rate. The Comptroller notifies the designated officer/employee by email of the receipt of the worksheets and post them to the database within three days. The substitute removes the requirement that the database link to the taxing unit's website.

#### *Truth in Taxation rates*

Definition of debt adds that it has been approved at an election. The rates calculated are for a "no new taxes" tax rate and rollback rate. School districts follow Section 26.08, while all other units follow the new Section 26.035. The definition of "actual collection rate" provides that if the actual collection rate exceeds 100%, the rate may not be reduced to 100%. The substitute changes the rollback rate to add 5% to the no new taxes M&O rate and continues the additional rates for criminal justice mandate and indigent health care and deducts for the additional sales tax. A school district follows the current Section 26.04 requirements. The chief appraiser is required to review the rates and certify in writing that the values used are the same as the certified appraisal roll and the chief financial officer/auditor for the unit certifies in writing that the rollback rate is correctly calculated. The substitute removes the deduction of the captured TIF values that are being taxed and repeals the adjustment for pollution control rollback protection.

#### *County tax assessor-collector notice*

The substitute bill requires that, by August 7 or thereafter, the county tax assessor-collector delivers by mail or email to each property owner in the county

and posts on the assessor's webpage a notice of estimated taxes to be imposed on the owner's property by each taxing unit and also found in the Comptroller's database. The notice must include the address of the Comptroller's website, a statement that the owner may request a written copy of information for each taxing unit and the address and phone number for each assessor from who the written copy may be requested.

#### *Taxing unit action*

The taxing unit's governing body may not hold a public hearing or adopt the tax rate until 14 days after the TNT rates are calculated and submitted to the Comptroller. Other than a school board, the taxing unit's governing body may not adopt a tax rate until the Comptroller has included the current year information in the database and the county tax assessor-collector (change by substitute bill from chief appraiser) has delivered the notice to each property owner. If the unit has the additional sales tax, the unit may not adopt the tax rate until the chief financial officer or auditor has certified that the amounts used and published are correct for the amount of sales and use tax revenue to pay debt service has been deducted and the amount that exceeds the amount published has been deducted for M&O expenses. If the additional sales tax revenue exceeds the amount published, the M&O expenses are reduced by the additional amount for the next year. The bill removes the good faith provision before the court from an injunction.

The substitute bill requires that each county shall maintain a website and post the tax rate information for each taxing unit in the county. The substitute also changes posting of notice by a taxing unit to be posted on the website operated by a taxing unit. It removes the phrase about that provision applying only if the taxing unit operates a website.

#### *Notice of appraised value*

For appraisal issues, the reappraisal notice removes the estimated tax amounts.

The Comptroller appoints a 13 member advisory committee by September 1, 2019 to assist with database. The group includes one from the Lt. Governor's Office, one from the Speaker's Office, four county tax assessor-collectors; two who are assessors or collectors other than county, two chief

~~appraisers, one city financial officer/auditor, one county financial officer/auditor and one water district representative. The Comptroller has the database by June 1, 2020.~~

~~Proposed Effective: 1/1/2018, with some sections 9/1/2017, 9/1/2019 and 1/1/2020.~~

~~Status: SB 2239 substitute left pending in Senate Finance 4/24/17.~~

SCHOOL DISTRICTS WHERE VOTERS HAVE APPROVED HIGHER RATE GET A HIGHER ROLLBACK TAX RATE

**HB 486 VanDeaver; SB 1267 Taylor**

Amends 26.08

These bills permit school districts whose local voters have approved higher M&O tax rates in elections held since 2006 to use the higher of the current rollback tax rate calculation or the highest M&O tax rate adopted since 2007 by that school district, plus its current debt rate. The Comptroller shall study and report to the legislature the impact of this law. HB 486 substitute changes the bill's caption to be the calculation of the rollback tax rate of a school district. It also addresses when the change in law does not apply to a school district and moves the effective date to January 1, 2018. The House floor amendment to HB 486 substitute provides that this provision adding Section 26.08(q) only applies to a school district if the district has adopted a tax rate equal to or higher than the rate provided by that subsection for any tax year in the preceding 10 years and in the 2016 tax year or subsequent tax year the district adopted a tax rate that was lower than the tax rate described in Subsection (q).

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017. Applies to the 2017 tax rate unless that rate was adopted before the effective date of this act. HB 486 substitute is effective 1/1/2018.

**Status: HB 486 substitute, with one House floor amendment, passed House 5/3/17; removed from scheduled hearing in Senate Education 5/16/17. SB 1267 set on Senate Calendar 5/4/17.**

~~BOND ELECTION BALLOT INCLUDES MORE INFORMATION~~

~~**SB 1821 Burton**~~

~~Adds Government Code Chapter 1251, Subchapter A~~

~~SB 1821 requires a county, municipality or school district to include more information on bond election ballots. The ballot must contain the total amount and as a per capita amount of the combined current debt obligations of the entity, the estimated principal and interest required to pay and the annual increase in property taxes on the average priced home. SB 1821 requires stating the projected tax impact on property taxes from the date the bonds are issued until they mature with a Comptroller rule to prescribe the manner of projecting the tax impact.~~

~~Proposed Effective: 9/1/2017, with some parts effective 1/1/2018. SB 1821 effective 9/1/2017.~~

~~Status: SB 1821 referred to Senate Intergovernmental Relations 3/23/17.~~

~~VOTER PERCENT REQUIRED FOR SUCCESSFUL BOND OR TAX INCREASE ELECTION~~

~~**SB 2091 Hall**~~

~~Adds Election Code 2.101, 41.0051, 271.015 and amends 85.062; amends Government Code 1251.001, 1251.003, 1251.004 and repeals 1251.006~~

~~SB 2091 provides that an election to authorize the issuance of bonds or a tax increase has no effect unless more than 25% of the registered voters of the political subdivision vote in the elections. An election authorizing bonds or a tax increase shall be held as a joint election. All types of political subdivisions (not just county or city) have voter approval to issue bonds. A temporary branch polling place must remain at the same location for the entire period during early voting and allow for the same days and hours as voting at the main early voting polling place.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.~~

~~Status: SB 2091 referred to Senate State Affairs 3/28/17.~~

VOTERS MAY APPROVE A NEW CITY OR REGIONAL LOCAL GOVERNMENT WITH INITIAL TAX RATE

**SB 1015 Creighton**

Adds Local Government Code 43.0755

SB 1015 provides for establishing a new municipality or another regional form of government by voter election as a Type A, B or C municipality, with an initial tax rate stated in the ballot proposition. The initial tax rate is not considered for calculating an effective or rollback tax rate for Section 26.04.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.

**Status: SB 1015 substitute passed Senate 4/25/17; reported from House Urban Affairs 5/18/17 and recommended for House Local & Consent Calendar.**

#### LEGISLATURE RESTRICTED ON POWER TO MANDATE REQUIREMENTS ON A COUNTY OR CITY

##### **HJR 73 Burns**

Adds Tex. Const. Art. 3, Sec. 68

The constitutional amendment would provide that a law passed by the Legislature is not effective if it requires a county or city to establish, expand or modify a duty or activity and the Legislature does not appropriate reimbursement of the costs, from a source other than the revenue of the county or city.

Proposed Effective: 1/1/2018, if voters approve constitutional amendment November 7, 2017.

**Status: HJR 73 passed House 5/11/17; referred to Senate Business & State Affairs 5/18/17.**

#### ~~SPECIAL TRUST FUNDS' LANGUAGE REMOVED FROM TAX CODE SECTION 26.041~~

##### **SB 105 Hall**

~~Amends 26.041; repeals Local Government Code 335.087~~

~~SB 105 repeals Section 26.041(j) that the additional sales tax component does not include sales tax retained by the Comptroller for special events funds. The bill abolishes these event funds: Pan American Games trust fund, Olympic Games trust fund, Major Events reimbursement program fund, Motor Sports Racing trust fund and Events trust fund.~~

~~Proposed Effective: 9/1/2017.~~

~~**Status: SB 105 left pending in Senate Natural Resources and Economic Development 3/14/17.**~~

#### BOND BALLOT LANGUAGE CHANGED

##### **SB 461 Lucio**

Amends Election Code 3.009 and 52.072; adds Government Code Chapter 1251B and repeals 1251.002; amends Local Government Code 271.049

SB 461 changes the ballot language for bond elections to require more information about the taxing unit's taxes, maturity date of bonds, outstanding debt secured by property taxes, taxes on \$100,000 home

value to repay current debt for the increase to repay new debt if approved. The taxing unit includes this information on its website for at least 45 days before the order issuing the bonds. SB 461 substitute adds that these are debts payable from property taxes and does not include public securities designated as self-supporting by the political subdivision issuing the securities. SB 461 substitute also adds that this ballot language applies to a political subdivision with at least 250 registered voters on the date the election is called.

Proposed Effective: 9/1/2017.

**Status: SB 461 substitute passed Senate 4/12/17; reported from House Elections 5/11/17.**

#### PETITION AND BALLOT PROVISIONS CHANGED FOR CITIES

##### **SB 488 Bettencourt**

Add Election Code Chapter 273, Subchapter F, and 233.0115 and amends Election Code 52.072, 253.094, Chapter 277; amends Local Government Code 9.004,

SB 488 changes requirements on petition and ballots for cities and home-rule cities. A proposition must substantially state the ballot with such definiteness and certainty that the voters are not misled. A city voter may submit the ballot language to the Secretary of State for review at least seven days before the election. The Secretary of State has mandamus action to have the city cure defects. The bills set out provisions for a home-rule city on petition signatures and language. SB 488 substitute adds, if a court orders a new election, a person may seek from the court a writ of mandamus to compel the city's governing body to comply with the ballot proposition requirements regarding definiteness and certainty that the voters are not misled. One Senate floor amendment adds that the Secretary of State may adopt rules to implement these provisions. The House Committee substitute of SB 488 adds to the ballot language to state that an amendment to a home-rule city charter or a voter-initiated referendum must substantially submit the question to the voters with definiteness and certainty. A city requirement authorized under this change does not apply to a petition relating to a local option election under Election Code Chapter 501.

Proposed Effective: 9/1/2017.

**Status: SB 488 substitute passed Senate, with two Senate floor amendments, 4/5/17; reported as substituted from House Elections 5/17/17.**

## SPECIAL DISTRICTS REQUIRED TO GIVE ACCESS TO FINANCES AND TAX RATE INFORMATION

### **SB 625 Kolkhurst**

Adds Government Code 403.0241, 403.0242; adds Local Government Code Chapter 203, Subchapter D

SB 625 substitute requires the Comptroller to create a website known as Special Purpose District Public Information Database to include all active special purpose districts that impose an ad valorem tax or sales and use tax or charge a fee. A special purpose district is *not* a county, municipality, school district, junior college district or statewide district. Each district's information includes name, each board member or employee, attorney that represents district, contact information for main office, special district's website, reports under Local Government Code Section 140.008, total annual revenue, unencumbered fund balance at end of last fiscal year, rate of any sales and use tax and table of property tax rates as required by Tax Code Section 26.16. The Comptroller updates the database annually, with no fee to access database. The Comptroller sets how to transmit the information and shall maintain a list of special districts that do not comply. The Attorney General shall not approve a public security submitted by the special district on the noncompliance list. SB 625 substitute adds requirements for additional information and adds penalties for noncompliance, beginning with a civil penalty of \$1,000 on the special purpose district. The Senate floor amendment to SB 625 substitute moves the date from January 1, 2018 to September 1, 2018 for the website.

Proposed Effective: 9/1/2017, with the website by the Comptroller by September 1, 2018.

**Status: SB 625 substitute, with one Senate floor amendment, passed Senate 5/1/17; reported from House Special Purpose Districts 5/18/17.**

## ~~BALLOT PROVISIONS CHANGED FOR TAX RATE OR BOND ELECTION~~

### **SB 642 Bettencourt**

~~Amends Election Code 52.072; amends Government Code Chapter 1251~~

~~SB 642 changes requirements on the ballot of a political subdivision, including a city, county, school district or special taxing district, for the voters to approve imposing, increasing or reducing a tax. The~~

~~ballot language includes the estimated additional tax burden to be imposed on a median homestead value and a detailed description of the purpose of the tax imposed or increased. For reducing the tax rate, the ballot includes the estimated tax reduction on a median homestead value. Specific information is to be included on the ballot for a bond election, including total amount of debt secured by property taxes, total amount of current property tax debt payments, taxes to be imposed on the median homestead value to repay current debt and estimated taxes if approved. SB 642 adds that the ballot language for a bond election may not exceed 5,000 characters or a different limit prescribed by the Secretary of State to ensure the bond language does not exceed one page or one screen on electronic voting machine.~~

~~Proposed Effective: 9/1/2017.~~

~~**Status: SB 642 referred to Senate Intergovernmental Relations 2/13/17.**~~

## ~~ALL BOND ELECTIONS HELD ON NOVEMBER GENERAL ELECTION DATE~~

### **SB 701 Huffines**

~~Adds Election Code 41.0051~~

~~SB 701 provides that bond elections shall be held on the November uniform election date.~~

~~Proposed Effective: 9/1/2017.~~

~~**Status: SB 701 referred to Senate Intergovernmental Relations 2/21/17.**~~

## INCREASING MUNICIPAL FEE ADDS TO CITY'S BUDGET NOTICE

### **SB 737 Hancock**

Adds Local Government Code 102.0001 and Chapter 109; amend Local Government Code 102.005, 102.006, 102.0065, 102.007, 102.008

SB 737 provides that a proposed budget that includes estimated revenue from a new fee or increase in an existing fee must contain a cover page with a statutory statement in 18-point or larger type about the fee. The governing body must ratify the use of that revenue in the budget by a separate vote from the budget or to adopt or increase the fee. The cover page of the adopted budget must also include the information. The municipality must maintain an email notification service for any person to subscribe to receive information about new or increased municipal fees. One Senate floor amendment to SB 737 provides that



the email notification service does not apply to a municipality located primarily in a county with a population of less than 30,000. The second Senate floor amendment to SB 737 provided that the municipality's governing body hold a public hearing between 30 to 60 days before adopting the new fee or increasing the fee, but this second Senate floor amendment was removed in the House Committee substitute. The House committee substitute to SB 737 also provides that a municipality that does not maintain an email notification service on January 1, 2017, may post the notifications on the municipality's website that is accessible from a prominently displayed link on the website home page instead of an email notification service.

Proposed Effective: 9/1/2017.

**Status: SB 737, with two Senate floor amendments, passed Senate 4/5/17; voted as substituted from House Urban Affairs 4/25/17.**

#### LOCAL BALLOT LANGUAGE REVISED

##### **SB 1150 Buckingham; HB 273 Gonzales**

Amends Election Code 52.095; HB 273 substitute also adds Election Code 274.004

HB 273 requires that each proposition on a ballot must identify the name of the authority ordering the election and assign a number that corresponds to the order in which it is placed on the ballot. The Secretary of State prescribes procedures. HB 273 substitute adds that, for each proposition on the ballot to be voted on statewide, the authority ordering the election shall assign a number to the measure that corresponds to its order on the ballot. Each proposition must identify the name of the authority ordering the election. Constitutional amendments are placed on the ballot before other propositions.

Proposed Effective: 9/1/2017.

**Status: HB 273 substitute passed House 5/4/17; reported from Senate State Affairs 5/18/17 and recommended for Senate Local/Uncontested Calendar. SB 1150 referred to Senate State Affairs 3/7/17.**

#### PANEL OF JUDGES APPROVES BALLOT LANGUAGE IN SOME COUNTIES

##### **SB 1296 Huffman**

Adds Election Code 52.0721

SB 1296 applies to an election by a political subdivision located primarily in a county with a

population of more than 120,000, but not if a statute sets out ballot proposition language. The substitute bill adds that, not later than the 109th day before an election, the political subdivision submits to the regional presiding administrative law judge the ballot proposition language and purpose of the election. The judge appoints a panel of three judges to review the ballot proposition language before the election is held. If the language is not clear and understandable to the average voter or the panel does not make a ruling by the 31<sup>st</sup> day of appointment, the language is disapproved. The panel may provide rewritten ballot language.

Proposed Effective: 9/1/2017.

**Status: SB 1296 substitute passed Senate 4/19/17; referred to House Elections 5/11/17.**

#### ADJUSTED EFFECTIVE AND ROLLBACK TAX RATES ADDED TO TNT RATES

##### **SB 1426 Hancock**

Amends 26.012, 26.04; amends Local Government Code 140.010

SB 1426 adds two additional rates to Truth-in-Taxation: "adjusted effective tax rate" and "adjusted rollback tax rate" which do not have new property value deducted from the current total value. The "adjusted rollback tax rate" does not deducted new property value in calculating the effective M&O rate. These two new rates are added to the required notices published by a county or municipality.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.

**Status: SB 1426 passed Senate 5/4/17; referred to House Ways & Means 5/8/17.**

#### ROLLBACK TAX RATE FOR CHAPTER 41 SCHOOL DISTRICT ADJUSTED FOR PURCHASING ATTENDANCE CREDITS

##### **SB 1810 Taylor**

Amends 26.04, 26.08; amends Education Code 41.093

SB 1810 addresses a Chapter 41 wealthy school district in calculating its rollback tax rate. The officer or employee designated by the school board shall calculate the positive percentage difference, if any, between the rollback tax rate and the adopted tax rate for the preceding tax year. The rollback tax rate is the effective M&O rate using Section 26.08(i). The percentage rate is provided by August 7 or as soon as

~~possible to the school board and the Education Commissioner. The Commissioner may not require the Chapter 41 district to purchase necessary attendance credits during the preceding year by a percentage greater than the percentage calculated for the district and reported to the Commissioner. The Commissioner certifies the necessary amount to the school board for calculating the rollback tax rate.~~

~~Proposed Effective: 1/1/2018.~~

~~Status: SB 1810 referred to Senate Education 3/23/17.~~

DISASTER MAY EXTEND DEADLINE RELATING TO BUDGET OR PROPERTY TAX RATE

**SB 1897 Perry**

Amends Government Code 418.108

SB 1897 substitute provides that, if the presiding officer of a political subdivision finds that a disaster has occurred or is imminent, the officer may declare a local state of disaster by order or proclamation. The order or proclamation must include a description of the nature of the disaster, a designation of the area threatened and conditions that have brought the local state of disaster about or made it possible. A copy of the order/proclamation is placed on the political subdivision's website. The presiding officer may request the Governor waive or suspend a deadline imposed by a statute or rules of a state agency, including one for a budget or ad valorem tax, if the waiver is reasonably necessary to cope with the disaster.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.

**Status: SB 1897 substitute passed Senate 4/19/17; voted from House Defense & Veterans Affairs 5/17/17.**

SECRETARY OF STATE CERTIFIES THAT REGISTERED VOTERS SIGNED A PETITION

**SB 2010 Taylor**

Adds election Code 277.006 and 277.006

SB 2010 authorizes the Secretary of State to adopt a petition form that may be used for elections outside of the Election Code. The authority to which a petition is submitted shall provide the petition to the Secretary of State for certification. The Secretary of State shall certify the signers are registered voters of the applicable territory and deliver the results to the

authority. An authority may not invalidate a petition signature if the Secretary of State certified the signer. Proposed Effective: 9/1/2017.

**Status: SB 2010 referred to Senate State Affairs 3/27/17.**

~~NAVIGATION DISTRICT MAY REQUEST THAT THE COUNTY OR THE CITIES IN THE DISTRICT LEVY THE PROPERTY TAX FOR THE DISTRICT~~

**SB 2199 Lucio**

~~Amends Water Code 62.160~~

~~SB 2199 adds that the navigation district may request that the commissioners court of the county levy assess and collect the property taxes for the district, not to exceed the 10 cents per \$100 limit. Or, upon the navigation district's request, the governing bodies of the municipalities in the district levy, assess and collect the taxes for the district. The navigation district pays for the costs of levying, assessing and collecting the tax.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.~~

~~Status: SB 2199 referred to Senate Transportation 3/29/17.~~

**Tax Collections**

INSTALLMENT PAYMENT OF CURRENT TAXES REVISED FOR PROPERTY IN DISASTER AREA

**SB 1047 Creighton**

Amends 31.032

SB 1047 revises the language for four equal installment payments by certain property owners in a disaster area. It adds to current law that the first installment may be paid in the first month of delinquency, with the owner providing a notice that the payment is the first installment.

Proposed Effective: 1/1/2018.

**Status: SB 1047 passed Senate 5/4/17; voted from House Ways & Means 5/18/17.**

SCHOOL TAX BILLS CONTAIN PERCENTAGES OF M&O TAXES FOR ROBIN HOOD

**SB 1407 Taylor**

Amends 31.01

SB 1407 requires that a school tax bill includes additional information for a Chapter 41 (wealthy) school district, which equalizes its wealth by purchasing average daily attendance credits from TEA, shall include or separately state the percentage of M&O taxes imposed for the current tax year that the school district is required to purchase the credits and the percentage imposed not for that purpose. For other districts, the school tax bill states the percentage of M&O revenue that is derived from M&O taxes for the current tax year, the percentage of M&O taxes in the beginning of the preceding tax year, the percentage of state funds for M&O operation to the districts in the current year and the percentage of state funds for M&O in the preceding tax year.

Proposed Effective: 1/1/2018.

**Status: SB 1407 passed Senate 5/10/17; referred to House Ways & Means 5/12/17.**

PROPERTY OWNER WHO PAID TAX GETS REFUND FOR CORRECTED TAX RECORD

**HB 2989 D Bonnen**

Amends 26.15

HB 2989 clarifies that the property owner who paid a tax on a property with a correction decreasing tax liability receives any tax refund on the property.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.

**Status: HB 2989 passed House 4/20/17; passed Senate 5/18/17. HB 2989 will go to Governor.**

CHIEF APPRAISER LIMITED IN REQUESTING IDENTIFICATION FOR HOMESTEAD EXEMPTION; TAX COLLECTOR SENDS REFUND TO ADDRESS STATED BY OWNER

**HB 3446 Yvonne Davis**

Amends 11.43, 25.027, 26.15, 31.12

HB 3446 substitute provides that the chief appraiser may not require an applicant for a homestead exemption to provide any other identification, except current law on driver's license or state ID, to determine homestead address, unless the chief appraiser possesses reasonable evidence that the address is not the applicant's homestead. A chief appraiser may not require both spouses of a married couple to sign the residence homestead exemption application. A chief appraiser may not require proof of marriage. The chief appraiser may not deny or

cancel an exemption for an expired state ID or because the individual has a temporary license or limited term license. The bill changes Section 25.027, which provides that the CAD may not post on its website a property owner's age or information that the owner is 65 years of age or older, to state that this age information does not apply to a non-searchable appraisal or tax roll dataset available for download only. For a refund on a residence homestead, the owner may request that the tax collector send the refund to a particular address. If no written request is made, the tax collector sends the refund to the owner's most recent mailing address in the records of the tax collector. See also *Tax Exemptions*.

Proposed Effective: 9/1/2017.

**Status: HB 3446 substitute passed House 5/9/17; referred to Senate Finance 5/12/17.**

~~INSTALLMENT PAYMENT OF CURRENT TAXES ALLOWED BY LOW INCOME HOMEOWNER~~

**SB 595 Lucio**

Amends 31.031

~~SB 595 makes the right to pay current taxes in four equal installments available to a homeowner whose household income at the homeowner's homestead is not more than 80% of the applicable area median family income established by HUD. The homeowner must provide the tax collector with any income or household information that the collector requires to establish eligibility.~~

Proposed Effective: 1/1/2018.

**Status: SB 595 referred to Senate Finance 2/8/17.**

PRORATED TAXES ADDRESSED FOR PROPERTY ACQUIRED BY EMINENT DOMAIN

**SB 740 Kolkhorst**

Amends 26.11; adds Property Code 21.0114 and 21.0115 and amends 21.0111, 21.0113, 21.063

SB 740 substitute also amends Government Code 402.031; adds Occupations Code 1101.5021, 1101.5042 and 1101.5043 and amends various sections of Chapter 1101

SB 740 addresses an entity acquiring a property by eminent domain authority. The proration of the taxes begins when the entity assumes possession of taxable property under a possession and use agreement or a similar agreement that is entered into under threat of condemnation. The proration uses the effective date

of the agreement. SB 740 substitute adds requirements to the landowner's bill of rights for notification to the property owner. One Senate floor amendment to SB 740 sets out a separate license and education courses required for a right-of-way agent with the Texas Real Estate Commission, to take effect March 1, 2018. Another Senate floor amendment adds required terms for instruments of conveyance.

Proposed Effective: 9/1/2017.

**Status: SB 740 substitute, with four Senate floor amendments, passed Senate 5/2/17; referred to House Land & Resource Management 5/9/17.**

#### ADDITIONAL TAX INFORMATION INCLUDED ON SCHOOL TAX BILLS

##### **SB 1360 Watson**

Amends 31.01

SB 1360 substitute requires specific statements of tax information be added to a property owner's school tax bill. For property in Chapter 41 (wealthy) school districts that purchase daily attendance credits, these statements are added to the bill or on a separate statement:

"Your property taxes for the (name of school district) are \$ \_\_\_\_\_. Of those taxes:

"\$ \_\_\_\_\_ will be used by the (name of school district) to fund maintenance and operations of the school district;

"\$ \_\_\_\_\_ will be used by the (name of school district) to pay for bonded indebtedness on construction, equipment, or both; and

"\$ \_\_\_\_\_ will be paid by the (name of school district) to the state for the purpose of helping fund some other school districts in the state."

For other school districts, entitled to state aid under Education Code Chapter 42, the tax bill or the separate statement must include the following:

"Based on your property's value, the total amount of revenue the (name of school district) receives is \$ \_\_\_\_\_.

Of that amount:

"\$ \_\_\_\_\_ is funded by your property taxes for maintenance and operations;

"\$ \_\_\_\_\_ is funded by your property taxes for bonded indebtedness on construction, equipment, or both; and

"\$ \_\_\_\_\_ is funded by the state."

The tax assessor computes the taxes to impose M&O operations and to pay for bonded debt, or both. The

assessor may use the most recent summary of finances report from TEA. SB 1360 substitute removed the changes to the notice of appraised value.

Proposed Effective: 1/1/2018.

**Status: SB 1360 substitute passed Senate 5/10/17; referred to House Ways & Means 5/12/17.**

#### **Delinquent Tax Litigation**

##### RIGHT TO DEFER TAX COLLECTIONS EXTENDED TO 100% DISABLED VETERANS

##### **HB 217 Canales**

Amends 33.06

HB 217 authorizes those individuals who qualify for the disabled veteran's homestead exemption in Tax Code Section 11.22 to be able to defer or abate the collection of delinquent taxes on their homestead.

Effective: 9/1/2017.

**Status: NEW LAW. Governor signed HB 217 5/18/17.**

##### ALTERNATIVE DATES AND TIME OF REAL PROPERTY TAX SALE REVISED

##### **HB 1128 Wray**

Amends 34.01 and 34.07; amends Civil Practice and Remedies Code 34.041; amends Property Code 51.002

HB 1128 substitute removes "first Tuesday of the month" on the date of sale under Section 34.07. The bill states that public sales of real property must take place between 10 a.m. and 4 p.m. on the first Tuesday of a month; or, if that date is January 1 or July 4, then on the first Wednesday of the month. One Senate floor amendment adds that a sale of real property conducted by means of a public auction using online bidding and sale may begin at any time and must conclude at 4 p.m. on the first Tuesday of a month or, if that date is January 1 or July 4, on the first Wednesday of the month. The second Senate floor amendment changed the effective date of September 1, 2017.

Proposed Effective: ~~Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.~~

**Status: HB 1128 substitute passed House 4/13/17; with two Senate floor amendments, passed Senate 5/15/17; placed on House Items Eligible Calendar 5/19/17.**



ACTIVE MILITARY PERSON HAS A WAIVER OF PENALTY AND INTEREST AND CAN FILE DEFERRAL

**HB 1632 Greg Bonnen; SB 771 Creighton**

Amends 31.02, 3301

HB 1632 addresses the waiver of penalty and interest on a delinquent tax of an active military person. Current law provides for a 60-day period for the active military person to pay with no penalty and interest during a war or national emergency declared by federal law. The bills remove the requirement of being during a war or national emergency. It also allows the active military person to defer payment with interest accruing at 6% and incurring no penalty. Proposed Effective: 9/1/2017.

**Status: SB 771 referred to Senate Veteran Affairs & Border Security 2/22/17. HB 1632 passed House 5/12/17; referred to Senate Finance 5/16/17.**

PROPERTY OWNER NOTIFIES MORTGAGE COMPANY BY CERTIFIED MAIL ABOUT TAX LENDER CONTRACT

**HB 2832 Oliveira; SB 1397 Nichols**

Amends 32.06

HB 2832 addresses the required notice to the mortgage company by a property owner that has authorized a property tax lender to pay the delinquent taxes on the property. Not later than 10 days before the owner executes a contract with a tax lender, the owner sends by certified mail to the mortgage company a notice that the owner intends to enter into a contract authorizing the lender to pay the delinquent taxes.

Proposed Effective: 9/1/2017.

**Status: SB 1397 referred to Senate Business & Commerce 3/16/17. HB 2832 passed House 5/6/17; left pending in Senate Business & Commerce 5/16/17.**

SPECIAL NOTICES REQUIRED TO CANCEL TAX DEFERRAL FOR OVER-65 HOMEOWNER

**SB 448 Burton**

Amends 1.07, 33.06

SB 448 requires that the chief appraiser sends a notice by certified mail to an over-65 homeowner before the appraiser determines that the over-65 homeowner is no longer entitled to receive a tax deferral or abatement on the home. The chief appraiser includes

a form, along with a self-addressed postage prepaid envelope to return the form, on which the homeowner may indicate if the home remains the person's principal residence. If the chief appraiser receives no response in 60 days after mailing, the chief appraiser may determine the home is no longer qualified for the tax deferral after 30 days and after making a reasonable effort to locate the homeowner. Reasonable effort includes mailing a second notice by first-class mail with RETURN SERVICE REQUESTED in all caps and with the date in larger, bold font that the chief appraiser will determine the home no longer qualifies. The chief appraiser may include this notice with a notice about cancelling the homestead exemptions on the home.

Proposed Effective: 9/1/2017.

**Status: SB 448 passed Senate; referred to House Ways & Means 4/13/17.**

CERTAIN MORTGAGE SERVICERS REQUIRED TO ISSUE ACCOUNTING STATEMENTS TO OWNERS WITH REAL PROPERTY LIENS

**SB 830 Rodriguez**

Adds Property Code Chapter 397

SB 830 substitute applies to a loan secured by a first or subordinate lien on real property, excluding a federally related mortgage loan, a loan by a regulated credit union, a loan primarily for business or temporary financing purposes or a loan that is directly financed and serviced by a relative within the second degree of blood or marriage. A mortgage servicer for a loan other than those excluded shall provide the borrower an annual January statement about the amount of each payment received during the preceding year, how each payment was applied and the outstanding balance. A borrower who does not receive the statement may request the statement by sending a request by certified mail to the mortgage servicer. If the mortgage servicer fails to provide the statement on or before the 25<sup>th</sup> day after the request, the borrower is not liable for any payment, fees or other charges not made during that year's statement and is considered to have paid all payments, fees or other charges related to that year on time.

Proposed Effective: 9/1/2017.

**Status: SB 830 substitute passed Senate 5/10/17; reported from House Investments & Financial Services 5/16/17.**

DELINQUENT TAX SALE MAY INCLUDE  
PERSONAL PROPERTY AND OTHER  
REVISIONS

**HB 3062 Kacal**

Amends 34.01, 34.015, Civil Practice and Remedies  
Code 34.0445

HB 3062 substitute revises the delinquent tax sale procedures to include personal property seized by a tax warrant. The sale of personal property, including a manufactured home, may take place at the same place as the sale of real property or at the location of the personal property. The bill defines who is a purchaser and person who is bidding. The officer conducting the sale delivers the deed to the person who was the successful bidder at the sale and on the request of that bidder, to the legal spouse of the successful bidder or to a business, religious, charitable or civic organization giving written authorization to an individual to submit a bid. The substitute bill removes the changes by the filed bill to include the CAD board of directors (if the CAD collects) for the authorization of on-line bidding and sale. The substitute bill allows the chief appraiser for the CAD to perform the duties assigned to the county tax assessor-collector if the CAD collect the county taxes.

Proposed Effective: 9/1/2017.

**Status: HB 3062 substitute passed House 5/8/17; referred to Senate Finance 5/9/17.**

~~HOMEOWNER MAY ABATEMENT PENDING  
TAX SALE OF HOMESTEAD~~

**SB 1378 Zaffirini**

Adds 33.061

~~SB 1378 allows a homeowner to abate a sale to foreclose a tax lien on the home that the homeowner owns and occupies. The homeowner delivers an affidavit to the chief appraiser, to the tax collector(s) or the delinquent tax attorney for the taxing unit(s) and to the officer conducting the sale no later than five days before the sale date. The homestead may not be sold until either the second anniversary of the date the homeowner delivered the affidavit or 181 days after the homeowner no longer owns and occupies the home, whichever date is earlier. If the home is sold in violation, the homeowner may file a motion to set aside the sale, if the motion is filed during the applicable redemption period for the property or, if a taxing unit is holding the property, on or before 180~~

~~days following the date the taxing unit's deed of record is filed. This right is not transferable to a third party. Annually, the chief appraiser advertises the ability to abate a tax sale of a homestead.~~

~~Proposed Effective: 9/1/2017.~~

~~**Status: SB 1378 referred to Senate Finance 3/16/17.**~~

APPOINTED MASTER RECEIVES FEES AS  
COSTS OF DELINQUENT TAX LAWSUITS

**HB 3389 Schofield**

Amends 33.73

HB 3389 provides that the district clerk shall collect fees taxed as costs of suit and award the fees to the master in each delinquent tax suit for which a master is appointed, regardless of the disposition of the suit. HB 3389 substitute adds that the fees may not be collected or awarded in a suit dismissed by the master unless the master held at least one hearing on the suit or prepared for the suit for at least a number of hours equivalent to the time typically required to conduct a hearing.

Proposed Effective: 9/1/2017.

**Status: HB 3389 substitute passed House 5/9/17; reported from Senate Finance 5/15/17 and set on Senate Local/Uncontested Calendar 5/19/17.**

TAX LIEN ON ERRONEOUS EXEMPTION  
ADDED TO APPRAISAL ROLL IS NOT  
ENFORCED AGAINST NEW OWNER

**SB 1745, SJR 55 Hinojosa**

Amends 11.43; amends Tex. Const. Art. 8, Sec. 15

SB 1745 and constitutional amendment provide that if the chief appraiser adds property or appraised value that was erroneously exempted in a prior year to the appraisal roll, a tax lien may not be enforced against the property for payment of taxes, penalties or interest as a result of adding the property if at any time after January 1 of that year the property was sold in an arm's length transaction to a person who was not related to the seller within the first degree by blood or marriage. See also *Tax Exemptions*.

Proposed Effective: 9/1/2017. Not contingent on voter approval of constitutional amendment November 7, 2017.

**Status: SB 1745 and SJR 55 substitute passed Senate 5/4/17; referred to House Ways & Means 5/9/17.**

## INTEREST RATE CHANGED IN TAX CODE

### SB 2198 Campbell

Adds 1.13 and 1.14 and amends 11.135, 11.181, 11.185, 11.201, 23.46, 23.55, 23.76, 23.86, 23.96, 23.9807, 26.09, 31.12, 33.01, 33.06, 33.065, 42.42,

~~SB 2198 changes the interest rate used to accrued on various provisions of the Tax Code, including special valuation rollback taxes, omitted property, delinquent taxes, tax refunds, tax deferrals and others. The annual interest rate is the lesser of 12% or the sum of 2% and the prime rate published by the Federal Reserve Board on the first business day of the calendar year for which simple interest is calculated. The Comptroller posts the interest rate on the Comptroller's website, beginning with the 2018 calendar year. The parties to a motion, effort or appeal may agree to waive or reduce the interest that accrues on a tax, penalty or refund that is subject to a 25.25 error correction; on a delinquent tax or a delinquent tax lawsuit to collect; or for an appeal to district court. The written agreement is required before the court issues the order for the delinquent tax lawsuit or pending appeal. A district court may waive or reduce interest that has accrued as part of the final judgment to the extent the interest is waived or reduced by agreement. See also *Appraisal District Administration* and *Appraisal District Litigation*. Proposed Effective: 9/1/2017.~~

~~Status: SB 2198 referred to Senate Finance 3/29/17.~~

## County Tax Assessor-Collectors

### ADDITIONAL PROCEDURE ADDED FOR DISHONORED CHECK

#### SB 492 West

Amends Local Government Code 130.006

SB 492 adds to the list of procedures that the county tax assessor-collector may establish to include the referral of a dishonored check or credit card invoice to a private collection agency. The private collection agency may charge a fee equal to the amount authorized for a returned check under Local Government Code Section 118.011, which is currently not less than \$15 nor more than \$30.

Effective: 5/4/2017, immediately on Governor's signature

Status: NEW LAW. SB 492 signed by Governor 5/4/17.

### CONTINUING EDUCATION HOURS SET FOR NEW COUNTY TAX ASSESSOR-COLLECTOR

#### SB 929 Hughes

Amends 6.231

SB 929 requires a county tax assessor-collector who assesses or collects property taxes to successfully complete at least 40 hours of continuing education courses on property tax assessment and collection, including Truth-in-Taxation. The county tax assessor-collector has one year to complete the required course. The course applies to a county tax assessor-collector whose first term begins on or after May 18, 2017.

Effective: 5/18/17, immediately on Governor's signature.

Status: NEW LAW. Governor signed SB 929 5/18/17.

## School Finance

### HOUSE PLANS ADDITIONAL \$1.6 BILLION FOR PUBLIC SCHOOL FUNDING

#### HB 21 Huberty

Adds Education Code 30.0561, 42.1561, Chapter 42H; amends 11.158, 29.097, 29.098, 29.123, 29.918, 30.087, 34.002, 34.007, 39.0233, 41.002, 41.099, 41.1541, 41.257, 42.006, 42.151, 42.154, 42.1541, 42.302; repeals 39.233, 39.234, 42.155, 42.160 and 42.2513.

HB 21 substitute increases basic student allotment by \$210 to \$5,350 per student, which decreases the amount of tax revenue sent by Chapter 41 districts to the state by \$355 million over two years, or about 10%. A \$200 million grant for two years is set aside for the hold-harmless funding clause for about 156 school districts; the hold harmless clause in the current law would expire. The House version will add \$1.6 billion more to fund these items above current school funding levels. A county transportation system may not receive funding directly from the state. The funding formulas add additional funding for students with dyslexia or related disorders. The Education Commissioner may award financial hardship grants to eligible districts whose M&O state and local revenue

per weighted student is less than it was in the 2016-2017 school year. [Note: SB 1, the Senate's version of the state budget, passed the Senate with a \$1.4 billion cut in state funding for public schools by having local property tax revenue account for that amount.] HB 21 substitute adds adjusting the payments to certain school districts from on or before August 25 to after September 5 and not later than September 10 of the calendar year following the year of the first payment. This payment change is made on or after September 1, 2018. The Legislative Budget Board determined that 96% of the school districts and charter schools serving 98.8% of students in average daily attendance would experience gains in revenue, at an average of \$120 per WADA. An equalized wealth level for the state results in approximately the same number of Chapter 41 (wealthy) school districts during the preceding state fiscal biennium. By November 1 before a legislative session, the Education Agency shall provide student enrollment and the Comptroller's estimate of any increase in total taxable value of all property. The House adopted 15 floor amendments, including deducting \$125 per WADA for school districts that do not comply with school bus safety standards; an increase to \$1,000 (up from \$250) per WADA for the first school year that students attend a new instructional facility; removes the small size of less than 300 square miles from the basic allotment formula; and others. The Legislative Budget Board will conduct a statistical study to determine current geographic variation in education and resource costs due to factors beyond a school district's control to develop an updated cost of education index to use for the basic allotment for each school district. In its report to the Legislature, TEA also shall provide the number of school districts (1) offering optional percentage homestead exemption, (2) adopting a rate below the maximum tier one rate of \$1, (3) determining projected M&O revenue per student in WADA for Austin ISD and (4) adopting a M&O rate of \$1.17.

From testimony on Senate Committee Substitute for HB 21, Chair Taylor highlighted changes: repeals the cap for high school instructors, ensures that all small school districts are treated in an equitable manner, adjusted for students with disabilities, provided school vouchers for special education students, expanded the NFA allotment from \$500 to \$1000 per student and included leased facilities, created a financial hardship grant program, increased the basic

allotment, increased the bilingual weight from 10% to 11%, provided transportation funding to TSD. ASATR provision is treated differently in the Senate version from the House version.

Proposed Effective: 9/1/2017.

**Status: HB 21 substitute passed House 4/20/17; reported substitute from Senate Education 5/16/17 and set on Senate Calendar 5/19/17.**

#### ~~ADDITIONAL STATE AID FOR TAX REDUCTION CONTINUED~~

##### ~~**HB 811 King; SB 419 Kolkhorst**~~

~~Amends Education Code 42.2516, 42.2518~~

~~HB 811 continues the additional state aid for tax reduction (ASATR). HB 811 substitute extends ASATR to certain school districts. A school district that would receive additional state aid for the 2017-2018 or 2018-2019 school year in an amount that is 4% or less of the total amount of funding for the district is ineligible for ASATR. If the Education Commissioner determines that a school district is not entitled to additional state aid for the 2016-2017 or subsequent year, the district is ineligible for ASATR. Beginning with the 2019-2020 school year, a district does not receive ASATR. SB 491 extends ASATR through the 2022-2023 school year, with an estimated cost of \$400 million in additional state funds. Proposed Effective: HB 811 effective 8/31/17, but only if HB 21 does not become law. SB 491 immediately if passed by two-thirds of both houses; otherwise, 8/31/2017.~~

~~**Status: SB 419 left pending in Senate Education 4/18/17. HB 811 substitute reported from House Public Education 5/6/17 but was not heard on House floor 5/11/17.**~~

#### ~~EDUCATION COMMISSIONER RETURNS DETACHED PROPERTY BACK TO CHAPTER 41 DISTRICT~~

##### ~~**SB 1247 Huffman**~~

~~Adds Education Code 41.2065 and amends various sections of Education Code Chapter 41~~

~~SB 1247 adds that the Commissioner of Education may propose the reattachment of taxable property previously detached from a wealthy Chapter 41 school district to meet wealth requirements. For the reattachment, the original district's wealth per student for a subsequent school year must be \$10,000 or more below the specified wealth level. The Commissioner~~



returns one or more parcels in ascending order of taxable value, beginning with the lowest property value. Current law does not address moving the property back to a district if property values decrease below the equalized wealth level. For the upcoming school year, Houston ISD is a Chapter 41 district and its voters decided to detach property to equalize its wealth.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2017.

**Status: SB 1247 referred to Senate Education 3/13/17.**

#### ~~RECAPTURE OF CERTAIN CHAPTER 41 WEALTHY ISD REVENUE CHANGED~~

##### ~~SB 603 Huffines~~

~~Adds Education Code 41.0021~~

~~SB 603 provides that the Education Commissioner, at the school board's request, shall consider the district's wealth per student before exercising one or more options to reduce wealth, if a Chapter 41 wealthy school district has a difference between the district's wealth per student and equalized wealth level greater than the difference for the 2016-2017 school year.~~

~~Proposed Effective: 9/1/2017.~~

~~**Status: SB 603 referred to Senate Education 2/13/17.**~~

#### ~~HARRIS COUNTY EDUCATION BOARD LOSES TAXING AUTHORITY OR IS ABOLISHED~~

##### ~~SB 646 Bettencourt; similar SB 1167 Bettencourt~~

~~Adds Education Code 11.305 and amends 45.002; SB 1167 amends Election Code 52.092~~

~~These bills provide that the county board of education in a county with a population of 3.3 million or more (Harris County) may not levy, assess or collect a countywide equalization tax. The bills begin with the 2017 tax year. SB 1167 abolishes the Harris County Education Board and transfers all assets to the commissioners court of the county. The component school districts shall collect and use any delinquent taxes imposed by the Board.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2017. SB 1167 effective 9/1/2017.~~

~~**Status: SB 646 not heard in Senate Education 4/11/17. SB 1167 referred to Senate Education 3/9/17.**~~

#### CERTAIN COUNTY BOARDS OF EDUCATION ABOLISHED

##### **SB 1122 Huffines**

Repeals Vernon's Texas Civil Statutes Chapter 266

SB 1122 substitute abolishes a certain county board of education in a county with a population of 2.2 million or more that is adjacent to a county with a population of 800,000 or more (Dallas County Education District), effective November 15, 2017, unless voters at the November 2015 election vote to continue the District. A property tax will continue to repay outstanding bonds of the District. The County shall collect and use any delinquent taxes imposed by or on behalf of the county board of education or its trustees.

Proposed Effective: 9/1/2017.

**Status: SB 1122 substitute, with one Senate floor amendment, passed Senate 5/4/17; voted from House Public Education 5/18/17.**

#### SCHOOL FINANCE SYSTEM OVERHAULED

##### **SB 704 Rodriguez**

Adds Education Code 42.010 and 42.013 and amends and repeals various sections of Education Code

SB 704 requires a comprehensive review of the public school finance weights, allotments and adjustments with a report to the Legislature by December 1, 2018. A school's wealth level is tied to the greater of the M&O per weighted student available to Austin ISD or a district at the 95<sup>th</sup> percentile in wealth per student. Removed is the current wealth of \$319,500 of wealth per student. The basic allotment increases from \$4,765 to \$5,440 or \$5,840, based on the Comptroller determination of Texas Consumer Price Index.

Proposed Effective: 9/1/2017.

**Status: SB 704 referred to Senate Education 2/21/17.**

#### STATE SCHOOL FUNDING ALLOTMENT INCREASED AND ASATR CONTINUED

##### **SB 649 Seliger**

Amends Education Code 42.101, 42.2516, 42.2518

SB 649 increases the basic school allotment from \$4,765 per student to \$5,140 for a Chapter 42 school district. The Legislature sets aside an additional amount of state appropriation not to exceed \$150 million for 2017-2018 school year and \$75 million for

~~2018 2019 school year. It also continues the additional state aid for tax reduction (ASATR) through the 2018 2019 school year.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective the 91<sup>st</sup> day after the session ends. Applies to the 2017 2018 school year.~~

~~Status: SB 649 referred to Senate Education 2/13/17.~~

ADDITIONAL SCHOOL FUNDS GRANTED TO ISD THAT ANNEXES AN UNACCEPTABLE ISD  
**SB 1353 Taylor; similar to HB 3722 King**  
Amends Education Code 13.054

The bills add additional state aid for costs of facility renovation, repair and replacement for a school district that annexes an unacceptable school district. SB 1353 provide for the additional state aid for five years, beginning with the school year in which the annexation occurs. HB 3722 does not have a five-year period. The Education Commissioner determines that the district would result in greater payments, in addition to other funding. SB 1353 substitute adds that the Education Commissioner is required to implement only if the Legislature appropriates money specifically for this purpose. If the Legislature does not, then the Commissioner may, but is not required to, implement using other available funds. The floor amendment to HB 3722 substitute changes the formula in Education Code Section 41.002 applied to the district's adopted M&O rate for the current school year from 1.5 to 1.17.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017. HB 3722 effective 9/1/2017.

**Status: SB 1353 substitute passed Senate 5/15/17; voted from House Public Education 5/18/17. HB 3722 substitute, with one House floor amendment, passed House 4/28/17; received in Senate 5/1/17.**

CERTAIN SCHOOL DISTRICTS REQUIRED TO HAVE FINANCIAL INFORMATION ON WEBSITE

**SB 1605 Creighton**

Adds Education Code Chapter 44, Subchapter D

SB 1605 substitute requires the 50 largest school districts in student enrollment to maintain certain financial information on their websites, including total expenditures, total revenue and total property

taxes, total number of full-time positions, with each of these items also a dollar amount per student in average daily attendance. Along with a number of other required items and reports, the school districts also include the adopted property tax rate. The substitute bill delays the effective date until 2018.

Proposed Effective: 9/1/2018.

**Status: SB 1605 substitute passed Senate 5/15/17; referred to House Public Education 5/16/17.**

~~SCHOOL FINANCE CHANGES~~

~~**SB 2145 Taylor**~~

~~Amends Education Code and adds 41.459, 41.460 and 41.461~~

~~SB 2145 is 69 pages and changes the school finance system. Some key parts are the state will pay to the appraisal district(s) in which a Chapter 41 wealthy school district participates, using funds received from that school district. If a school district fails to collect a delinquent M&O tax owed to the district for two years after the tax is initially due, the collection of the delinquent tax reverts to the state. The Comptroller shall collect the delinquent M&O tax on behalf of the district, with penalties and interest owed, at the earliest opportunity. The Attorney General will assist. If the Attorney General cannot successfully collect the delinquent M&O taxes, the Comptroller may contract with private attorneys for the collection, subject to terms and limitations that apply to a school district contracting with private attorneys for that purpose.~~

~~Proposed Effective: 9/1/2017.~~

~~**Status: SB 2145 left pending in Senate Education 4/18/17.**~~

~~SCHOOL DISTRICTS CONSOLIDATED IN CAMERON COUNTY~~

~~**SB 2112 Lucio**~~

~~Adds Education Code Chapter 13 Subchapter D-1~~

~~SB 2112 consolidates school districts in a county that contains an international border and borders the Gulf of Mexico (Cameron County). The territory of a school district that is partly located in Cameron County shall be detached and that territory is annexed and consolidated into a countywide school district. The consolidation does not apply to territory for a school district that provides only middle school, junior high school and high school magnet programs. Effective July 1, 2018, each school district in~~

~~Cameron County is a single countywide school district and is an independent school district. The bill details the temporary school board, election of school board trustees, title to property and debt assumption. By December 1 of even numbered years (2018 and 2020), the countywide school board reports to the Governor, Lt. Governor, Speaker and chairs of the House and Senate education committees about the operation of the district, any increase in efficiency or any cost savings and recommendations for legislative actions to enhance efficiency in operating a countywide school district.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.~~

~~Status: SB 2112 referred to Senate Education 3/28/17.~~

## **Special & Miscellaneous**

### ABATEMENTS/SCHOOL TAX LIMITATIONS FOR WIND FARMS PROHIBITED NEAR MILITARY AIR STATIONS

#### **SB 277 Campbell**

Adds 312.001; amends 312.024, 313.024

SB 277 prohibits the granting of an abatement or a school tax limitation to a wind turbine located within 30 nautical miles of an airbase. Floor amendments to SB 277 added the reasons for the legislation and changed the 30 nautical miles to 25 nautical miles.

Proposed Effective: 1/1/2018

**Status: SB 277 passed Senate, with three Senate floor amendments, 4/19/17; voted as substituted from House Ways & Means 5/18/17.**

### HOMEOWNER RECEIVES ABATEMENT FROM DALLAS COUNTY UTILITY AND RECLAMATION DISTRICT

#### **HB 1186 Anderson**

Adds to Chapter 628, Section 4B, Acts of 68<sup>th</sup> Texas Legislature

HB 1186 provides that the tax assessor-collector for the Dallas County URD may file an exemption application with the appraisal district on behalf of a homeowner granted a tax abatement on a portion of the home's value.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.

**Status: HB 1186 passed House 4/20/17; set on Senate Intent Calendar 5/19/17.**

### COMPTROLLER VERIFIES REPORTED CHAPTER 313 INFORMATION

#### **SB 400 Kolkhorst**

Amends 313.032

SB 400 provides that the Comptroller shall verify reported Chapter 313 information using information from the Texas Workforce Commission, the chief appraiser or other reliable sources. HB 559 requires a random sample of not less than 33% of the data certified to the Comptroller. Personal information of an individual is confidential. SB 400 substitute requires the recipient or former recipient to contract with a CPA to verify the data certified to the Comptroller, using information from reliable sources including the Texas Workforce Commission and the chief appraiser.

Proposed Effective: 9/1/2017.

**Status: SB 400 substitute passed Senate 4/26/17; left pending in House Economic & Small Business Development 5/17/17.**

### LIMIT ON CHAPTER 313 SUPPLEMENTAL PAYMENTS INCREASED

#### **SB 913 Seliger**

Amends 313.027

~~SB 913 increases the limit allowed for supplemental payments to a school district by a property owner who receives a Chapter 313 agreement to not exceed \$75,000 per year. Current law sets the limit at \$60,000 per year.~~

~~Proposed Effective: 9/1/2017.~~

~~Status: SB 913 referred to Senate Natural Resources & Economic Development 2/28/17.~~

### OVERSIGHT BOARD REVIEWS CHAPTER 313 AGREEMENTS

#### **HB 3360 Button**

Adds Government Code 490G.0055, 490G.0056, 490G.0065, 490.0066 and amends 490G.001, 490G.006, 490G.007

HB 3360 requires the Economic Incentive Oversight Board to examine the effectiveness, efficiency and financial impact on the state of the property tax incentive program of Chapter 313, Texas Economic Development Act, by school districts and the

Comptroller. The Board shall make reports and recommendations to the Legislature and provide that to the school districts and the Comptroller.

Proposed Effective: 9/1/2017.

**Status: HB 3360 passed House 5/3/17; left pending in Senate Natural Resources & Economic Development 5/18/11.**

#### TEXAS COMPTROLLER CREATES POLITICAL SUBDIVISION PUBLIC INFORMATION WAREHOUSE

##### **SB 200 Campbell**

Adds Education Code 44.012; adds Government Code 403.0243; adds Local Government Code Chapter 203, Subchapter D;

SB 200 substitute requires the Comptroller to create an accessible database, called the Political Subdivision Public Information Warehouse, to include all active political subdivisions that are authorized to impose a property tax or sales and use tax. Data shall include the name of the political subdivision, rate of sales and use tax, table of property tax rates, total debt amount, subdivision's website or contact person if no website and appraisal district website. The data may include (or link to) the political subdivision's boundaries, budget for current year, current check registry and any current financial audit or annual report. School districts are required to send to the Comptroller annually an electronic copy of the adopted budget and financial reports. Special districts shall provide boundaries and dissolution information. Political subdivisions are required to transmit the most recently adopted budget and annual financial report. The Comptroller shall create and post the database by December 31, 2019. The substitute bill provides that the Comptroller implements this bill only if the Legislature appropriates money for that purpose. The Comptroller may use other funds. TEA and political subdivisions are not required to comply until the Comptroller implements the bill.

Proposed Effective: 9/1/2017.

**Status: SB 200 substitute passed Senate 5/10/17; voted from House Government Transparency & Operation 5/18/17.**

#### TEXAS ECONOMIC DEVELOPMENT ACT FOR SCHOOL DISTRICTS REPEALED

##### **SB 600 Burton**

Repeals 312.0025 and Chapter 313; adds 320.002; amends 23.03, 26.012, 151.3595, 171.602 and

312.403; amends Education Code 42.2515; amends Government Code 403.302 and 2303.507

~~SB 600 repeals the Texas Economic Development Act, which allows school districts to grant tax value limitations for economic growth. The bill does not affect current agreements. The bill also changes the name of the state agency to Texas Economic Development and Tourism Office.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.~~

~~**Status: SB 600 left pending in Senate Natural Resources & Economic Development 4/18/17.**~~

#### TAX INCREMENT FINANCING (TIF) PROVISIONS CHANGED

##### **SB 650 Bettencourt**

Adds 311.0155; amends 311.005, 311.085, 311.010, 311.015; repeals 311.01005

~~SB 650 adds to the reinvestment zone that the area be unproductive, underdeveloped or blighted. The Attorney General determines the meaning of those terms. The TIF agreement must be for a facility located in the zone. At least seven days before voting to issues TIF bonds or notes, the municipality will deliver a notice to each owner in the city, to the commissioners court in the county and to each state senator and representative that represents the territory in a county with a reinvestment zone of the date, time and place of that meeting. When the municipality submits TIF bonds for Attorney General authorization, another notice will be delivered by mail to the commissioners court and to each state senator and representative whose district includes the reinvestment zone.~~

~~Proposed Effective: 9/1/2017.~~

~~**Status: SB 650 left pending in Senate Natural Resources and Economic Development 4/4/17.**~~

#### METHOD TO DETERMINE QUALIFIED NEW JOBS FOR CHAPTER 313 AGREEMENT REPEALED

##### **SB 1026 Estes**

Repeals 313.024(d-2)

SB 1026 repeals the method for determining whether a property owner has created the number of new qualifying jobs to be eligible for the tax limitation for school M&O taxes.

Proposed Effective: 9/1/2017.



~~Status: SB 1026 referred to Senate Natural Resources & Economic Development 3/6/17.~~

~~SCHOOL BOARD WAIVING NEW JOB REQUIREMENTS FOR CHAPTER 313 AGREEMENT REPEALED~~

~~**SB 1027 Estes**~~

~~Repeals 313.025(f 1)~~

~~SB 1027 repeals the provision for the school board to waive the new jobs creation requirement to be eligible for a tax limitation for school M&O taxes.~~

~~Proposed Effective: 9/1/2017.~~

~~Status: SB 1027 referred to Senate Natural Resources & Economic Development 3/6/17.~~

~~ECONOMIC DEVELOPMENT REVIEW ADDED FOR LOCAL GOVERNMENT~~

~~**SB 1028 Estes**~~

~~Adds Government Code 490G.0055, 490G.0065 and amends 490G.001 and 490G.007~~

~~SB 1028 adds local government to a periodic review of local government programs that award economic development incentives to businesses. The Economic Incentive Oversight Board shall examine the effectiveness, efficiency and financial impact on the state for which local government awards incentives~~

~~Proposed Effective: 9/1/2017.~~

~~Status: SB 1028 referred to Senate Natural Resources & Economic Development 3/6/17.~~

~~STATE SENATOR AND/OR STATE REPRESENTATIVE SERVES AS EX-OFFICIO TIF DIRECTOR~~

~~**SB 1465 Taylor**~~

~~Adds 311.0092~~

SB 1465 requires the board of directors of a reinvestment zone to send a written notice by certified mail to each Senator and to each Representative who is an ex officio member on the board about the membership. A Senator or Representative may elect not to serve or designate another individual in the member's place by written notice to the board. The Senator and/or Representative are not counted as a member of the board for voting or quorum purposes. The Senate floor amendment adds that a newly elected Senator or Representative receives certified notice within 90 days of being elected about the membership on the TIF board.

Proposed Effective: 9/1/2017.

Status: SB 1465 passed Senate, with one Senate floor amendment, 4/19/17; reported from House General Investigating & Ethics 5/17/17.

~~CHAPTER 313 PROVISIONS CHANGED FOR VALUE LIMITATION AND SUPPLEMENTAL PAYMENTS ALONG WITH CONSULTING AGREEMENT AND FEES~~

~~**SB 1627 Estes**~~

~~Adds 313.008 and amends 313.022, 313.027, 313.031, 313.052, 313.054, 313.027 and 313.031~~

~~SB 1627 addresses consulting agreements for Chapter 313. A person may not for compensation act as a consultant on behalf of the school district for a value limitation agreement if the person is a district employee or a school board trustee for that district or related to one of these by first degree by blood or marriage for that district. The bill removes the school district's application fee. The agreement establishes each tax year and the limitation amount is equal to at least 33.3% of the market value of the owner's qualified property for that tax year. The agreement may include that the owner will protect the district, in the event for a temporary increase in student enrollment for the project, by covering expenses related to portable classrooms or hiring additional personnel. The agreement must require the owner to provide a supplemental payment to the district or another entity on behalf of the district equal to \$25 per student per year for each year of the agreement, but not to exceed 2% of the school district's budget.~~

~~Proposed Effective: 9/1/2017.~~

~~Status: SB 1627 referred to Senate Natural Resources & Economic Development 3/22/17.~~

~~TAX INCREMENT FINANCING ZONE (TIF) ADDS TRANSPARENCY AND ACCOUNTABILITY~~

~~**SB 1765 Garcia**~~

~~Adds 311.0195 and amends 311.004, 311.005, 311.007, 311.009, 311.0091,~~

~~SB 1765 adds that a TIF zone established on or after September 1, 2017, terminates in 10 years after ordinance adopting TIF zone. A current zone has limitation added on when it terminates. The TIF zone must be for an unproductive, underdeveloped or blighted area. Directors of the TIF board have the same limited terms as the city councilmembers. The~~

~~municipality that designates the TIF zone maintains a website to provide residents with transparency about the zone, including costs, budget, annual report, revenues deposited to TIF fund and other items.~~

~~Proposed Effective: 9/1/2017.~~

~~Status: SB 1765 left pending in Senate Natural Resources & Economic Development 4/4/17.~~

## **Open Meetings, Chapter 551**

TIME PERIOD ADDED TO PURSUE VIOLATION OF OPEN MEETINGS LAW

### **HB 1784 Faircloth**

Adds Government Code 551.1425

HB 1784 substitute provides that a person must bring a suit to enforce voiding an action taken by a governing body or to obtain a mandamus or injunction before the second anniversary of the date of the alleged violation or on the second anniversary of the date the alleged violation should reasonably have been discovered.

Proposed Effective: 9/1/2017.

Status: HB 1784 substitute passed House 5/6/17; referred to Senate Business & Commerce 5/8/17.

~~VIDEO AND AUDIO RECORDING OF MEETINGS OF CERTAIN WATER DISTRICTS MUST BE AVAILABLE ON INTERNET~~

### **SB 851 Nelson**

~~Amends Government Code 551.128; amends Water Code 49.062~~

~~SB 851 adds the governing body of a special district subject to Water Code Chapters 51, 53, 54 or 55, with a population of 500 or more, to those entities that shall make a video and audio recording of reasonable quality of each regularly scheduled meeting that is not a work session or special meeting. An archived copy of the video and audio recording of each meeting must be available on the Internet. The water district's board shall designate a place inside the district for conducting a meeting. If unable to find a suitable meeting room inside the district, the board may designate a place outside the district that is located not farther than 10 miles from the district's boundaries.~~

~~Proposed Effective: 9/1/2017.~~

~~Status: SB 851 referred to Senate Business & Commerce 2/27/17.~~

MEMBER MARKED ABSENT FROM VIDEOCONFERENCE CALL IF CALL DISCONNECTED OR LOST

### **HB 3047 Dale**

Amends Government Code 551.127

HB 3047 clarifies that a member of a governmental body who participates in a meeting by videoconference call shall be considered absent from any portion of the meeting that has audio or video communication lost or disconnected. The governmental body may only continue the meeting if a quorum remains present or continues to participate. Proposed Effective: 9/1/2017.

Status: HB 3047 passed House 5/9/17; left pending in Senate Business & Commerce 5/18/17.

## **Open Records, Chapter 552**

COMPETITIVE BIDDING INFORMATION EXCEPTED IN SOME CASES FROM PUBLIC DISCLOSURE

### **SB 407 Watson; SB 425 Rodriguez**

Amends Government Code 552.104, 552.305

These bills add that a governmental body may not disclose bidding information if it demonstrates that releasing the information harms its interests by providing a bidder with a competitive advantage. This exception does not apply to a bid or proposal after the governmental body has executed or awarded the contract. ~~SB 425 only address the exception.~~

Proposed Effective: 9/1/2017.

Status: SB 407 substitute passed Senate 3/28/17; referred to House Government Transparency & Operation 4/18/17. SB 425 referred to Senate Business & Commerce 2/1/17.

DEFINITION OF GOVERNMENTAL BODY EXPANDED

### **SB 408 Watson**

Amends Government Code 552.003, 552.002

SB 408 substitute adds to the definition of "governmental body" to include an organization, corporation, commission, committee, institution or agency that receives public funds, unless the funds are part of an arms-length transaction for services

between a vendor and purchaser; is a party to a contract with a governmental body that involves public funds and creates an agency-type relationship between the entity and one or more governmental bodies; or provides services traditionally provided by the governmental body. The floor amendment to SB 408 substitute adds that information maintained by a governmental body is public information subject to the part, section or portion of an entity that receives or spends public funds or uses real or personal property owned or leased by the state or a political subdivision of the state.

Proposed Effective: 9/1/2017.

**Status: SB 408 substitute, with one Senate floor amendment, passed Senate 3/28/17; referred to House Government Transparency & Operation 4/18/17.**

#### COMPUTER SECURITY INFORMATION IS CONFIDENTIAL

##### **HB 1861 Elkins**

Amends Government Code 552.139

HB 1861 adds that information collected, assembled or maintained by or for a governmental body to prevent, detect or investigate a computer security incident, including a breach of system security, is confidential. The substitute bill requires a state agency to redact from a contract posted on the web information made confidential. The floor amendment adds that the redacted information does not exempt it from the public information requests requirements of Government Code 552.021 or 552.221.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.

**Status: HB 1861 substitute, with one floor amendment, passed House 4/27/17; left pending in Senate Business & Commerce 5/18/17.**

#### EXPEDITED RESPONSE ADDED TO REQUEST FOR PUBLIC INFORMATION

##### **HB 2328 Lucio; SB 1347 Watson**

Adds Government Code Chapter 5, Subchapter J, and amends 552.2615, 552.263, 552.302, 552.352

The bills add that the governmental body may withhold information that it deems confidential without requesting an Attorney General's ruling. The governmental body must inform the requestor in writing within five business days of the request of the list of exceptions and any judicial decisions or laws to

withhold the information; information that is open records with the confidential information redacted; a notice form set out by the Attorney General; and some other items. The requestor may appeal the response within 30 calendar days to the governmental body. The appeal is considered a new request and subject to an Attorney General decision. SB 1347 substitute adds that, for a governmental body with its main offices in a county with a population of 250,000 or less, the public information officer or designee must complete the required training in person or online. For a governmental body in a larger county of more than 250,000, the officer must complete the training in person from the Attorney General's office. The substitute also adds more provisions on revoking the governmental body's authorization.

The Senate floor amendments included parts of other Senate Bills: (1) SB 407, amending 552.104 and 552.305, that discloses information may harm a particular competitive situation; (2) SB 408, amending 552.002 and 552.003, that the definition of "governmental body" to include an organization, corporation, commission, committee, institution or agency that receives public funds, unless the funds are part of an arms-length transaction for services between a vendor and purchaser; is a party to a contract with a governmental body that involves public funds and creates an agency-type relationship between the entity and one or more governmental bodies; or provides services traditionally provided by the governmental body; (3) SB 1347, amending 552.302 and 552.101 and adding 552.305, addressing tighter requirements on what is considered client-attorney privilege from disclosure; (4) SB 1646, amending 552.003, 552.004, 552.101, 552.203, 552.221, 552.228 and adding 552.0222, 552.234 and 552.328, on temporary custodian of public records and public information on personal devices, along with addressing birth dates; and (5) SB 1646, amending 552.0222, on birthdates to add voter registration lists.

Proposed Effective: 9/1/2017.

**Status: SB 1347 substitute reported from Senate Business and Commerce 4/24/17 and first set on Senate Calendar 4/27/17. HB 2328 substitute passed House 4/28/17; passed Senate, with 5 Senate floor amendments, 5/11/17; House returned to Senate due to nongermane Senate amendments 5/18/17.**

## OPEN RECORDS RETURNED ON PERSONAL DEVICES; ATTORNEY GENERAL RULES ON FAILURE TO RESPOND TO OPEN RECORDS REQUEST

### **SB 1646 Watson**

Adds Government Code 552.234 and amends 552.003, 552.004, 552.203, 552.353; HB 3848 adds 552.0222 and 552.328 and amends 552.101, 552.102, 552.221, 552.301

SB 1646 adds a definition for temporary custodian of public records. A current or former officer or employee of a governmental body who maintains public information on a privately-owned device shall forward or transfer the public information to the governmental body to be preserved or preserve the public information in its original form on the privately-owned device. A current or former officer or employee does not have a personal or property right to public information created or received while acting in an official capacity. A temporary custodian shall surrender within 10 days of a request for the return of the information. The governing body may request the Attorney General to sue to compel the return. A requestor may send a written complaint to the Attorney General for failure of a governmental body to respond to a request. If the Attorney General finds that the governmental body did fail in its duty, the Attorney General shall notify the governmental body, require open records training be completed within six months and inform that no open records charges may be assessed in response to the request. If the governmental body seeks to withhold its response, it must request an Attorney General decision within five days and release the requested information unless there is a compelling reason to withhold it.

Proposed Effective: 9/1/2017.

**Status: SB 1646 substitute reported from Senate Business and Commerce 5/16/17.**

## COURT COSTS AND ATTORNEY'S FEES ADDRESSED FOR LAWSUIT ON OPEN RECORDS

### **HB 2783 Smithee**

Amends Government Code 552.323

HB 2783 substitute provides that the court shall assess costs of litigation and reasonable attorney fees incurred by a plaintiff who substantially prevails or may assess costs of litigation and reasonable attorney's fees incurred by a plaintiff to whom a

governmental body voluntarily releases requested information after filing an answer to the lawsuit. Current law only addresses court costs and attorney's fees to the plaintiff who substantially prevails.

Proposed Effective: 9/1/2017.

**Status: HB 2783 substitute passed House 5/2/17; passed Senate 5/18/17. HB 2783 will go to Governor.**

## OPEN RECORDS PROCEDURES ADDRESSES MONTHLY AND YEARLY LIMITS ON A REQUESTOR WHO DOES NOT PAY OR WITHDRAW REQUESTS

### **HB 3107 Ashby**

Amends 552.221, 552.261, 552.275, 552.3215

HB 3107 adds that an open records request is considered withdrawn if the requestor fails to inspect or duplicate the public information in the governmental body's office on or before the 60th day after the information is available or fails to pay the postage and accrued open record charges. All requests received in one calendar day from an individual may be treated as a single request for calculating costs. A governmental body may not combine multiple requests from separate individuals who submit requests on behalf of an organization. A governmental body may establish reasonable monthly and yearly limits on time that personnel are required to spend producing public information. All county officials who have designated the same officer for public information may calculate the time that personnel are required to spend collectively for purposes of the monthly or yearly limit. A monthly time limit may not be less than 15 hours for a requestor for a one-month period. If a requestor submitted an unpaid request that was not withdrawn, the governmental body is not required to compile a new request by that requestor until the date the requestor pays each unpaid statement with a previous request or withdraws the previous request. The news media is exempted for these requirements, including an individual who supervises or assist in gathering new or information or to an individual who is or was a journalist, scholar or researcher employed by higher education institution. A complainant may file with the Attorney General on or after the 90th day that the complainant filed with the district or county attorney who has not brought action on the complaint.

Proposed Effective: 9/1/2017.



**Status: HB 3107 passed House 4/20/17; left pending in Senate Business & Commerce 5/18/17.**

GOVERNMENTAL BODY PROVIDES PUBLIC RECORDS ON PUBLIC WEBSITE

**SB 79 Nelson**

Amends Government Code 552.221

SB 79 changes the term “political subdivision” to “governmental body” for the requirements of providing requested public records on a website maintained by the governmental body.

Proposed Effective: 9/1/2017.

**Status: SB 79 passed Senate 4/3/17; reported from House Government Transparency & Operation 5/18/17 and recommended for House Local & Consent Calendar.**

CERTAIN PUBLIC OFFICIALS HAVE ACCESS TO PUBLIC INFORMATION AND PROPERTY

**SB 515 Taylor**

Adds Local Government Code Chapter 206 and Chapter 305, Subchapter C; adds Government Code Chapter 674

SB 515 adds that a county, municipal or special district elected or appointed public official has a right of access to information that is public information of the entity and access to public property. Confidential information must be held confidential by the public official. One Senate floor amendment adds that specific confidential or except information under certain provisions does not apply. Appointed state board members have access to public information and property. The Attorney General shall adopt rules for procedures and deadlines by January 1, 2018. SB 515 substitute adds that the distribution or misuse of confidential information is a misdemeanor offense punishable by a fine of not more than \$1,000; county jail time of not more than six months; or both fine and confinement. A violation constitutes official misconduct by a public official. One Senate floor amendment adds that a member of the governing body may not remove personal property from property to which the member is provided access.

Proposed Effective: 1/1/2018, except provision for Attorney General rules effective immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.

**Status: SB 515 substitute, with five Senate floor amendments, passed Senate 5/3/17; referred to House General Investigating & Ethics 5/8/17.**

~~PUBLIC INFORMATION WEBSITE ESTABLISHED BY STATE~~

**SB 623 Burton**

~~Adds Government Code Chapter 561~~

~~The bill requires the Comptroller to establish a public information searchable website to include state and local government information. A governmental entity would post public information to the Comptroller’s site or send to the Comptroller for posting. A person could subscribe to email notices of public information for a specific government entity. The government entity is still required to post information as required by law in a newspaper or locally.~~

~~Proposed Effective: 9/1/2017, with the website ready no later than 9/1/2018.~~

**Status: SB 623 referred to Senate Business and Commerce 2/13/17.**

~~PUBLIC OFFICERS HAVE RIGHT TO INFORMATION OF THEIR GOVERNMENT BODY~~

**SB 1357 Hall**

~~Adds Government Code Chapter 620~~

~~The bill provides that an elected or appointed officer of a governmental body has the right to access to information of that body. Chapter 551, Open Records Act, does not apply to this access. The official does not have to obtain approval from the governing body to obtain information. The governing body may not adopt or enforce a measure to restrict or limit access. Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.~~

**Status: SB 1357 referred to Senate Business and Commerce 3/16/17.**

## Other Codes and Statutes

### SETTLEMENT AGREEMENTS WITH GOVERNMENT CANNOT RESTRICT MEDIA ACCESS

#### **HB 53 Romero**

Adds Civil Practice and Remedies Code Chapter 116

HB 53 prohibits a governmental unit in a settlement agreement of \$30,000 or greater to include a condition of the settlement that the parties agree not to disclose any fact, allegation, evidence or other matter to any other person, including the media. HB 53 substitute provides that a settlement agreement provision entered into in violation of this is void and unenforceable. This does not affect information that is privileged or confidential under other law. The floor amendment to HB 53 adds that the money that used to pay the settlement are from taxes collected by the governmental unit, revenue received from the state or insurance proceeds.

Proposed Effective: 9/1/2017.

**Status: HB 53 substitute, with one floor amendment, passed House 4/26/17; reported from Senate State Affairs 5/15/17 and set on Senate Local/Uncontested Calendar 5/19/17.**

### CELL PHONES RESTRICTED WHEN DRIVING

#### **HB 62 Craddick; SB 31 Zaffirini**

Adds Transportation Code 545.4251 and amends 521.161, 545.424, 545.425, 708.052

These bills restrict the use of cell phones while driving. They allow for "hands free" use. They contain penalties for violations, with higher penalties after first conviction.

Proposed Effective: 9/1/2017.

**Status: SB 31 set on Senate Intent Calendar 3/21/17. HB 62, with six House floor amendments, passed House 3/16/17; reported as substituted from Senate State Affairs 5/17/17 and set on Senate Intent Calendar 5/19/17.**

### THE SAGA OF CARRYING HANDGUNS CONTINUE

#### **SB 459 Huffines; SJR 30 Huffines; SB 618 Estes**

Amends various provisions as noted below

SB 459 amends Local Government Code 29.001 that prohibits local regulation by a political subdivision of

firearms, knives and ammunition that is not authorized by state law.

Proposed Effective: 9/1/2017.

**Status: SB 459 passed Senate 5/11/17; referred to House Security & Public Safety 5/16/17. SJR 30 referred to Senate State Affairs 1/30/17. SB 618 referred to Senate State Affairs 2/13/17.**

### ~~AREAS FOR BREASTFEEDING CONTINUE~~

#### **SB 279 Zaffirini**

~~Amends Government Code 619.004; SB 279 also adds Government Code 443.0134; HB 742 amends Health and Safety Code 165.001 and 165.002~~

~~SB 279 removes the language of "multiple user" before bathroom. A public employer shall provide a place, other than a bathroom, for breastfeeding. SB 279 also requires a place in the Texas Capitol, other than a bathroom, for breastfeeding.~~

~~Proposed Effective: 9/1/2017.~~

~~**Status: SB 279 referred to Senate Business & Commerce 1/30/17.**~~

### ~~POLITICAL SUBDIVISION CANNOT SET RULES ON PRIVATE EMPLOYER'S USE OF CRIMINAL HISTORY FOR EMPLOYMENT~~

#### **SB 1262 Huffman**

~~Adds Labor Code Chapter 106~~

~~SB 1262 prohibits a political subdivision for adopting or enforcing any ordinance or other local regulation that prohibits, limits or regulates a private employer's ability to request, consider or take employment action based on the criminal history of an applicant. The bill addresses actions by the City of Austin regarding private employers and their application process.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.~~

~~**Status: SB 1262 referred to Senate Business & Commerce 3/13/17.**~~

### GOVERNING BODY ADOPTS POLICY ON HEDGING IN INVESTMENT OF PUBLIC FUNDS

#### **HB 1003 Capriglione**

Adds Government Code 2256.0206 and amends Government Code 2256.009, 2256.010, 2256.011, 2256.014, 2256.015, 2256.016, 2256.019

HB 1003 substitute removes the requirement in the filed bill that interesting-bearing bank accounts and negotiable certificates of deposits with a rating of a

least 1 to the list of investments. A governing body shall establish a policy regarding hedging transactions. The House floor amendment adds that an eligible entity may pledge as security for and payment of an agreement to a hedging contract any revenue that the law authorizes an entity to pledge for payment of any other obligation.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.

**Status: HB 1003 substitute, with one House floor amendment, passed House 4/28/17; voted substitute from in Senate Business & Commerce 5/16/17.**

#### RENEWAL FEE FOR STATE LICENSES LIMITED

##### **HB 1055 Burkett**

Amends Occupations Code 57.003

HB 1055 limits a state agency from increasing the fee for a license or renewal of a license to not exceed the fee on January 1, 2017.

Proposed Effective: 9/1/2017.

**Status: HB 1055 passed, with one House floor amendment, House 5/6/17; referred to Senate Business & Commerce 5/9/17.**

#### ~~RECIPIENT OF STATE FUNDS PROHIBITED FROM LOBBYING~~

##### ~~SB 1716 Hall~~

~~Amends Government Code 556.0055~~

~~SB 1716 prohibits a political subdivision or private entity that receives state funds from paying for lobbying.~~

~~Proposed Effective: 9/1/2017.~~

~~**Status: SB 1716 referred to Senate State Affairs 3/22/17.**~~

#### INVESTMENT POLICY PRESENTATION REVISED TO BE ANY BUSINESS ORGANIZATION

##### **HB 1701 Parker**

Amends Government Code 2256.005

HB 1701 revises the presentation of the investment policy to be any business organization offering to engage in an investment transaction that has accepted authority granted by the entity under the contract to exercise investment discretion in investing the entity's funds.

Proposed Effective: 9/1/2017.

**Status: HB 1701 substitute passed House 4/20/17; passed Senate 5/12/17. HB 1701 sent to Governor 5/18/17.**

#### ~~LBB FACES SUNSET REVIEW AND A REVIEW OF ITS FISCAL NOTE ACCURACY~~

##### ~~SB 1358 Hall~~

~~Adds Government Code 322.026 and 403.0146~~

~~SB 1358 provides that the Legislative Budget Board (LBB) is subject to sunset review and, if not continued, is abolished September 1, 2019. It requires that the Comptroller conduct a study for each fiscal biennium to determine the accuracy of fiscal notes prepared by the LBB, including the proposal cost estimate to the actual cost of the bill or resolution. The Comptroller reports to the Legislature by December 1 of even numbered years with the results, issues of concerns and areas of improvement.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.~~

~~**Status: SB 1358 referred to Senate Finance 3/16/17.**~~

#### PUBLIC FUNDS PROHIBITED FOR USE FOR POLITICAL CONTRIBUTIONS OR EXPENDITURES

##### **HB 2471 Davis of Harris**

Adds Election Code 253.007

HB 2471 provides that it is unlawful to use public funds for political contributions or political expenditures or to directly or indirectly employ a person to use public funds in such a way. A violation is a Class A misdemeanor.

Proposed Effective: 9/1/2017.

**Status: HB 2471 passed House 5/4/17; left pending in Senate State Affairs 5/18/17.**

#### VENDOR FILES DISCLOSURE FORM QUARTERLY FOR GIFT TO LOCAL OFFICIAL

##### **HB 2473 Davis of Harris**

Adds Local Government Code Chapter 176A and amends 176.001, 176.003, 176.006, 176.009, 176.013

HB 2473 provides for the disclosure by vendors of gifts to certain local government officers and of certain relationships with local officers. Each calendar quarter, by the 15<sup>th</sup> of the month, a vendor shall submit a completed disclosure form to a local

government entity if the vendor has a contract or is seeking a contract and has given one or more gifts during the preceding calendar quarter with an aggregate value of more than \$100 to a local government officer. HB 2473 substitute also adds to a family member of a local government officer. It does not apply to a gift given directly as part of a sponsorship or contribution to a non-profit organization. Failure to file the disclosure is a Class C misdemeanor. The House floor amendment adds that this disclosure does not require the disclosure of a gift made by a vendor who is a candidate or officeholder if the gift is reported under the Election Code.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.

**Status: HB 2473 substitute, with one House floor amendment, passed House 5/12/17; received in Senate 5/15/17.**

~~LEGISLATORS — STUDY — UNFUNDED MANDATES~~

**SB 1438 Zaffirini**

~~Adds Government Code 320.002 and 320.003 and amends 320.001~~

~~SB 1438 sets up an unfunded mandates interagency work group of the State Auditor, Legislative Budget Board Director, Comptroller, one Senator and one Representative to publish by September 1 an advisory list of unfunded mandates following a legislative session. The group removes mandates from previous legislative sessions that receive funding and adds back those where funding ends. A mandate does not include one that complies with federal law, received voter approval or affects employee pensions and benefits.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.~~

~~**Status: SB 1438 referred to Senate Finance 3/20/17.**~~

~~VOTERS DECIDE WHETHER TO REPEAL PROHIBITION ON STATE CORPORATE INCOME TAX~~

**SJR 45 Bettencourt**

~~Adds Tex. Const. Art. 8, Section 24 a and amends Section 1; HJR 79 repeals Art. 8, Sec. 24~~

~~SJR 45 provides for a constitutional amendment to allow the Legislature to impose a corporate income tax, but not an individual income tax.~~

~~Proposed Effective: Amendment effective if voters approve constitutional amendment November 7, 2017.~~

~~**Status: SJR 45 referred to Senate Finance 3/9/17**~~

~~POLITICAL SUBDIVISIONS SET TERMS LIMITS NOT TO EXCEED 12 YEARS~~

**SB 110 Huffines**

~~Adds Government Code 601.010~~

~~SB 110 requires the governing body of a political subdivision to establish term limits no later than January 1, 2018, to ensure that a person may not serve longer than 12 years in an office, regardless of whether the person serves consecutive terms. Terms that began before January 1, 2019 are not counted.~~

~~Proposed Effective: If Texas voters approve constitutional amendment November 7, 2017.~~

~~**Status: SB 110 referred to Senate State Affairs 1/25/17.**~~

~~POLITICAL SUBDIVISION PROHIBITED FROM LOBBYING; ALTERNATIVE IS TO REQUIRE REPORTING TO ETHICS COMMISSION AND ON WEBSITE~~

**SB 241 Burton; SB 445 Burton**

~~Amends Local Government Code 89.002; amends Government Code 556.0056~~

SB 445 applies to a political subdivision that imposes a tax or to a regional mobility authority, toll road authority or transit authority. The governing body of a political subdivision may not spend public money to directly or indirectly influence or attempt to influence the outcome of any pending legislation. Exceptions are an elected official acting as an officer of the political subdivision; an employee who would not be required to register as a lobbyist; or an officer or employee providing information to a member of the Legislature or appearing before a legislative committee at the request of the member or committee. The governing body may spend public money for membership fees in a nonprofit state association only if a majority of the governing body approves the membership; the association exists for betterment of local government and local government officials; the association if not with a labor organization; the association does not directly or indirectly influence or



attempt to influence the outcome of pending legislation; and the association does not directly or indirectly contribute any money, services or other thing to a political campaign or endorse a candidate. A taxpayer in the political subdivision may seek injunctive relief for any violation to prevent any further prohibited activity. The taxpayer may recover attorney fees and court costs. SB 445 substitute clarifies that the bill applies to a utility owned by the state or a political subdivision. SB 445 provides that a political subdivision may spend money directly or indirectly to influence pending legislation only if a majority of the governing body approves the expenditure in open meeting as a stand-alone item. The political subdivision shall post on its website and file a report with the Texas Ethics Commission about the money spent, name of any person required to register as a lobbyist, an electronic copy of lobbyist's contract and membership fees/dues of any nonprofit state association that directly or indirectly influences legislation. The floor amendment to SB 445 adds that this does not apply to a person who is a full-time employee of the political subdivision or to the reimbursement of expenses for a full-time employee. The Texas Ethics Commission shall make the information available as an online searchable database. Noncompliance entitles an interested party to appropriate injunctive relief to prevent further violation.

Proposed Effective: 9/1/2017.

**Status:** ~~SB 241 referred to Senate State Affairs 1/30/17.~~ **SB 445 substitute, with one Senate floor amendment, passed Senate 4/18/17; referred to House General Investigating & Ethics 5/5/17.**

~~EMPLOYERS GIVE TIME OFF TO VOTE AND TO OBTAIN VOTER ID~~

~~**SB 283 Watson; SB 285 Watson**~~

~~SB 283 amends Election Code 276.004; SB 285 adds Labor Code Chapter 84~~

~~These bills address voting rights. SB 283 provides that a person may not refuse to permit a person to be absent from work to vote on election date or while early voting is in progress. SB 285 allows time off to obtain an election ID certificate by requesting time off not later than 24 hours before the time the employee will be absent from work. The employer may not require the employee to use existing leave time or reduce the pay for any pay period of lasting eight hours or less. On return to work, the employee~~

~~provides reasonable documentation about absence to obtain election ID. Texas Workforce Commission shall design a sign that each employer shall place in a prominent location.~~

~~Proposed Effective: 9/1/2017.~~

**Status:** **Both bills referred to Senate State Affairs 1/30/17.**

~~PUBLIC EMPLOYEE HAS RIGHT TO REPRESENTATION IN CERTAIN INTERNAL INVESTIGATIONS~~

~~**SB 369 Garcia**~~

~~Adds Government Code 617.0045~~

~~These bills give a public employee, on request, the right to representation in any investigatory interview of the employee initiated by the employee's public employer that may result in disciplinary action.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.~~

**Status:** ~~SB 369 referred to Senate Natural Resources and Economic Development 2/1/17.~~

~~STATE AUDITOR STUDIES LEGISLATIVE BILL COST ESTIMATES~~

~~**SB 398 Kolkhurst**~~

~~Adds Government Code 321.0139~~

~~SB 398 requires the State Auditor to conduct a study on the probable cost estimates used in Legislative Budget Board fiscal notes with the actual cost for passed legislation. The study shall be a random sampling of 10% of the fiscal notes. The State Auditor reports to the Legislature by September 1, 2018.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.~~

**Status:** **SB 398 passed Senate 4/19/17; referred to House Appropriations 5/2/17.**

~~RETIREMENT SYSTEM EVALUATES INVESTMENT PRACTICES AND PERFORMANCE~~

~~**SB 509 Huffman**~~

~~Adds Government Code 802.109 and amends Government Code 802.002~~

~~SB 509 substitute requires that a public retirement system shall include in its annual report a listing, by asset class, of all direct and indirect commissions and fees paid during the previous fiscal year for the sale,~~

purchase or management of system assets and the names of investment managers. A public retirement system is required to select an independent firm with substantial experience in evaluating institutional investment practices and performance, with specific items to be evaluated. The evaluation is required once every three years if at least \$100 million in book value; once every six years if at least \$30 million but less than \$100 million; and no evaluation required if less than \$30 million in book value. A retirement system files investment performance reports with the Texas Legislature.

Proposed Effective: 9/1/2017.

**Status: SB 509 substitute passed Senate 4/10/17; reported from House Pensions 5/17/17.**

#### ETHICS REQUIREMENTS CHANGED

##### **SB 14 Taylor**

Adds Government Code 601.011, 810.002 and amends various sections of the Government Code

SB 14 changes ethic requirements for public officers, including that certain elected officials are ineligible for their retirement annuity if they committed a qualifying felony while in office.

Proposed Effective: 1/8/2019.

**Status: SB 14, with 11 Senate floor amendments, passed Senate 2/7/18; referred to House General Investigating & Ethics 5/15/17.**

#### LINE ITEM FOR PUBLIC NOTICE EXPENDITURES REQUIRED IN PROPOSED BUDGET

##### **SB 622 Burton**

Adds Local Government Code 140.0045

SB 622 requires that the proposed budget of a political subdivision must include a line item showing expenditures for public notices required by law to be published in a newspaper or a clear comparison between those expenditures in the proposed budget and actual expenditures in the preceding year. This provision does not apply to a county with a population of less than 50,000 or to a political subdivision located in such a county.

Proposed Effective: Immediately on Governor's signature, since passed by two-thirds of both houses.

**Status: SB 622, with one Senate floor amendment, passed Senate 3/29/17; passed House 5/9/17; Senate concurred. SB 622 sent to Governor**

**5/11/17; recalled from Governor's Office by HCR 143 5/16/17.**

#### PERSON RECOUPS ATTORNEY'S FEES AND COURT COSTS FOR CHALLENGE IN COURT

##### **SB 635 Huffines**

Adds Civil Practice and Remedies Code Chapter 38A

SB 635 authorizes a court to award attorney's fees and court costs to a person who prevails in the action of challenging an order, ordinance or measure of a political subdivision as unenforceable because that action was preempted by state constitution or state law. The bill also provides for the award of attorney's fees and court costs if an officer of a political subdivision failed to perform an act of the office required by state constitution or state law. The political subdivision for whom the public officer served at the time pays those amounts. The Senate floor amendment provides that this provision does not apply to a municipality or county with a population of less than 45,000.

Proposed Effective: 9/1/2017.

**Status: SB 635, with one Senate floor amendment, passed Senate Calendar 5/8/17; voted from House Judiciary & Civil Jurisprudence 5/18/17.**

#### CERTAIN COUNTIES FOLLOW SPECIFIC FINANCIAL ACCOUNTING AND REPORTING REQUIREMENTS

##### **SB 753 Perry; HB 1930 Frullo**

Repeals Government Code 2266; amends Local Government Code 112.002

These bills address a county with a county auditor and with a population of 190,000 or more. It requires that a regulation adopted may not be inconsistent with generally accepted accounting principles as established by the Governmental Accounting Standards Board.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.

**Status: SB 753 passed Senate 4/19/17; referred to House Government Transparency & Operation 5/3/17. HB 1930 passed House 4/25/17; reported from Senate State Affairs 5/15/17 and set on Senate Intent Calendar 5/19/17.**

TEXAS RAILROAD COMMISSION CONTINUED

**HB 1818 Gonzales**

Amends Natural Resources Code 81.01001 and adds 81.065, 81.066, 81.071

HB 1818 substitute continues the Texas Railroad Commission to 2029.

Proposed Effective: 9/1/2017.

**Status: HB 1818 substitute, with five House floor amendments, passed House 3/29/17; passed Senate 5/9/17. HB 1818 sent to Governor 5/11/17.**

~~WATER DISTRICT DISSOLUTION ADDRESSED~~

**SB 1175 Hinojosa**

~~Adds Water Code Chapter 49, Subchapter P, and amends Water Code 49.323~~

~~SB 1175 addresses the dissolution of a water district and transferring the assets and obligations to another political subdivision by election.~~

~~Proposed Effective: 9/1/2017.~~

~~**Status: SB 1175 referred to Senate Intergovernmental Relations 3/9/17.**~~

CODE REVISIONS AND OTHER  
NONSUBSTANTIVE CHANGES CLEAN UP  
STATUTES

**SB 1488 West**

Amends various Codes

SB 1488 cleans up non-substantive additions to and corrections in enacted Codes and conforms codifications enacted by the 84th Legislature to other Acts of that legislature

Proposed Effective: 9/1/2017.

**Status: SB 1488 passed Senate 4/19/17; passed House 5/18/17. SB 1488 will go to Governor.**

~~USING TAX PROCEEDS PROHIBITED FOR  
LOBBYING ACTIVITIES OR LOBBYISTS~~

**SB 2044 Bettencourt**

~~Adds Government Code 556.0056~~

~~SB 2044 applies to a governmental entity, including a political subdivision, that is wholly or partly funded by tax proceeds. A governmental entity may not spend tax proceeds to directly or indirectly influence or attempt to influence the outcome of legislation before the Legislature. It does not prevent an officer or employee of a governmental entity or an elected officer from appearing before a committee at the~~

~~request of the committee or legislative member about the entity's budget needs or effect of pending legislation. The governmental body may not employ a registered lobbyist. If the governmental entity does engage in the prohibited activity, a taxpayer of the entity may seek injunctive relief and is entitled to recover reasonable attorney's fees and court costs.~~

~~Proposed Effective: 9/1/2017.~~

~~**Status: SB 2044 referred to Senate State Affairs 3/28/17.**~~

~~LOCAL GOVERNMENT REQUIRED TO REPORT  
LOBBYING EXPENDITURES~~

**SB 2045 Bettencourt**

~~Adds Local Government Code 140.0051~~

~~SB 2045 requires a local government entity, including a county, city, school district or hospital district, but not a junior college district, to report lobbying expenditures. The entity submits to the Texas Ethics Committee a clear and concise statement on total expenditures during a regular legislative session, including with whom the entity has contracted for lobbying and the amount paid to the registered lobbyist. The entity files two statements: first is due by the second Tuesday in January of odd-numbered years and second by the 21<sup>st</sup> day after legislative session.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2017.~~

~~**Status: SB 2045 referred to Senate State Affairs 3/28/17.**~~