

Bills Filed for the 2019 Regular Session of the 86th Texas Legislature

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With one week remaining in the legislative session, the Senate and House must resolve differences on the state budget, school finance and property tax reform. More legislative deadlines kicked in this week, resulting in more bills dying. The House Calendar is packed with bills that will not make it to the finish line.

This issue includes updates on substitutes and amendments to bills, as available, through **Sunday, May 19**. Bills that are dead are struck out. These bills will be deleted from the next issue.

The last day of the regular session is Monday, May 27. As with past legislative sessions, Perdue Brandon will track property tax bills and others of interest to our clients.

Perdue Brandon organizes ***Bills Filed*** by subject matter. Each bill includes a summary and proposed effective date. All references to section numbers are to the Texas 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 for updates. Changes from previous issue are highlighted in gray.

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PROPERTY TAX RELIEF AND REFORM

STATE LEADERSHIP PLAN LIMITS PROPERTY TAXES TO 2.5% ANNUAL INCREASE, UNLESS LOCAL VOTERS APPROVE RATE ABOVE ROLLBACK RATE, ALONG WITH OTHER APPRAISAL AND TAX CHANGES

HB 2 Burrows, SB 2 Bettencourt

House Substitute SB 2, which was the SB 2 with two Senate floor amendments, adds 1.086, 5.01, 5.043, 5.104, 6.054, 6.16, 6.425, 25.192, 25.193, 26.013, 26.0442, ~~26.0446~~, ~~26.045~~, 26.061, 26.062, 26.063, 26.17, 26.18, 42.081; amends 1.02, 1.07, 1.085, 1.111, 5.041, 5.05, 5.07, 5.09, 5.091, 5.102, 5.102, 5.103, 5.13, 6.03, ~~6.035~~, 6.15, 6.41, 6.412, 6.414, 6.42, 11.24, ~~11.4391~~, 22.23, 23.01, 25.19, 26.01, 26.012, 26.04, 26.041, 26.043, 26.044, 26.0441, 26.05, 26.052, 26.06, 26.065, 26.07, 26.08, 26.16, 31.12, ~~33.08~~, 41.03, 41.44, 41.45, 41.46, 41.461, 41.47, 41.66, 41.67, 41.71, 41A.03, ~~41A.05~~, 41A.06, ~~41A.061~~, 41A.07, 41A.09, ~~42.23~~, ~~42.24~~; adds Education Code Chapter 45, Subchapter K, and amends 45.105, ~~130.016~~; amends Government Code 403.302; ~~amends Health and Safety Code 281.124;~~

amends Local Government Code 102.007, ~~441.008, 441.039~~, 111.068 and repeals 140.010; amends Special District Local Laws Code 1101.254, 1122.2522, ~~3828.157~~, 8876.152 and repeals 1063.255; amends Water Code 49.107, 49.108, 49.236 and repeals 49.2361.

On January 31, the Governor, Lt. Governor and Speaker of the House announced support for these two identical bills, titled the Texas Property Tax Relief and Reform Act of 2019. Many parts of these bills are also in HB 54, HB 490 and SB 67. Since these two bills have state leadership backing, they are listed first and separately from other bills.

On February 6, Senator Bettencourt introduced Substitute SB 2 that contained five changes. At its February 11 meeting, the Senate Property Tax Committee adopted 15 amendments to Substitute SB 2.

In the early hours of March 28, the House Ways & Means voted out Substitute HB 2, retitled the Texas Taxpayer Transparency Act of 2019. The committee met following the House adoption of HB 1, the \$251 billion two-year state budget that provides an additional \$6.3 billion for school funding and \$2.7 billion for property tax relief. The House budget reduces the school property taxes by 4 cents, projecting a decrease of \$80 per year for a homeowner of a \$200,000 home. Ways to increase state revenue include raising the state sales tax and closing loopholes in certain taxable items, along with using \$2 billion from the Rainy Day Fund.

On April 15, the Senate and House considered property tax relief. The Senate adopted SB 2 with two floor amendments. Senate Floor Amendment #1 to Substitute SB 2 included six items: (1) setting the voter-approved rate from 2.5% to 3.5% for cities, counties and special purpose districts, but retaining 2.5% for school districts; (2) requiring the Comptroller to review and verify the values and tax rate computations reported by all taxing units; (3) allows for a one 15-day automatic extension to file a rendition statement, on the property owner's request; (4) defines a substantially completed municipal utility district that reaches 95% competition to be under the special purpose districts' provision; (5) increasing the minimum property value to be eligible

for a special ARB panel hearing from \$50 million to \$75 million; (6) requiring the Comptroller to prescribe widely accepted industry appraisal manuals that the appraisal districts use to determine market value. Senate Floor Amendment #2 to Substitute SB 2 allows for counties that must pay for indigent criminal defense costs to add that increased cost to the voter-approved rate.

The House postponed the second reading of Substitute HB 2 on the House floor to April 30. The House Ways & Means Committee voted out a Committee Substitute SB 2 that took the Senate version and replaced it with the House version of Substitute HB 2, including these differences:

- 1) Limit school tax rates increases to 2%; the Senate version has 2.5%. This point is subject to debate since the House has stated that school rate limits should be in the school finance bill.
- 2) Sets 3.5% increase for cities and counties, but allows up to \$500,000 increase in taxes before triggering an election.
- 3) Adds the title "Texas Taxpayer Transparency Act."
- 4) Keeps hospital districts and community college districts at 8% because of the inflation of medical and education expenses.
- 5) Factors in that a taxing unit is not penalized for offering a local homestead exemption.
- 6) Provides for a five-year carry-over to bank unused revenue growth.

On April 30, the House considered House Substitute SB 2 and adopted 25 House Floor Amendments while it rejected others. The House tied the implementation of House Substitute SB 2 to the passage of Senate Substitute HB 3, school finance. Changes by House Substitute SB 2 and House Floor Amendments, including the addition of HB 1333 to SB 2, are noted below:

Comptroller Advisory Board

The Comptroller appoints a minimum six-member Property Tax Administration Advisory Board 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 who has knowledge or experience with ratio studies. 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 Comptroller consults with the advisory board about procedures and standards used in the appraisal district review. House Floor Amendment #3 to Substitute SB 2 adds that the advisory committee also review the equal and uniform appraisal of property, in accordance with Texas Constitution Article 8, Section 1.

House Floor Amendment #10 to Substitute SB 2 provides that the Comptroller ensure that members of the advisory board reflect, to the extent possible, the ethnic and geographic diversity of the state.

Comptroller Property Value Study and MAP

House Substitute SB 2 adds to the Comptroller's Property Value Study (PVS) of school district's local value and the methods and procedures (MAP) review of appraisal districts. The MAP looks to see if the appraisal district complies with standards, procedures and methodology prescribed in any appraisal manual required by law to be prepared and issued by the Comptroller.

If the Comptroller determines in the PVS that a school district's local values are not valid, the Comptroller shall send notice to the board of directors of that school's appraisal district. The CAD board shall hold a public hearing to discuss the notice. If the school district's values are invalid for three consecutive years, the Comptroller shall conduct an additional review of the CAD and provide recommendations. The Comptroller may contract with a third party to assist in the additional review. If the CAD fails to comply with the recommendations and the Comptroller finds that the CAD board of directors failed to take remedial action to ensure substantial compliance before the first anniversary of the recommendations, the Comptroller shall notify the Texas Department of Licensing and Regulation (TDLR). Before February 1 of the year following the year in which TDLR was notified, TDLR will notify the CAD directors if the recommendations are substantially implemented. If not, within three months of the determination, the CAD board must consider whether the failure to implement the recommendations was under the current chief appraiser's control and whether the chief appraiser is able to perform the duties adequately.

CAD Administration

House Floor Amendment #7 to Substitute SB 2 amends Sections 6.03 that an individual is ineligible to serve on the appraisal district board of directors if the individual is an officer or employee of a taxing unit that participates in the appraisal district. House Floor Amendment #7 to Substitute SB 2 provided that this ineligibility, however, does not apply in a county with a population of 25,000 or less.

House Floor Amendment #2 to Substitute SB 2 added HB 1333 provisions on CAD administration, as follows:

- 1) An appraisal district may not employ an individual if the individual is an officer or employee of a taxing unit that participates in the appraisal district.
- 2) New Section 6.16 requires the chief appraiser to maintain a list of individuals who have designated themselves as available to provide free assistance to a residential homestead owner, including the following: real estate broker, real estate sales agent, licensed or certified real estate appraisers or registered property tax consultant. The chief appraiser provides the list upon request from the homeowner. The list is organized by county; be made available on the appraisal district's website, if it maintains one; and provides the name, contact information and job title of each individual who will provide free assistance. To be designated a person to assist, the person completes a form prescribed by the chief appraiser.
- 3) New Section 1.086 provides that a homeowner may request in writing that the appraisal district send by email a change in value, the eligibility of property for an exemption or the grant, denial, cancellation or other change in homestead exemption status. The homeowner provides the email address, and the appraisal district is not required to mail that same notice. The homeowner's request stays in effect until revoked in writing by the homeowner. For an email notice, the chief appraiser must send an email to the address provided by the property owner confirming the owner's request to receive electronically. The chief appraiser posts a form for requesting email notices on the appraisal district's website.
- 4) Adds two new appraisal district notices: (1) Section 25.192, Notice of Residence Homestead Exemption Eligibility, for a residential property that

has not qualified for a residence homestead in the current tax year, and (2) Section 25.193, Notice of Certain Canceled or Reduced Exemptions, for a residential property's exemption status. The first notice is similar to current language in Section 25.19(b-2), which is repealed. If the address for the property owner and the home are the same, the chief appraiser sends the owner a notice that states in bold, 18-point type specific wording about the residence not currently allowed a residence homestead exemption, includes the exemption application form to complete, provides filing information and indicates that no fee is required. This notice is separate from any other notice sent by the chief appraiser. The second notice addresses the cancellation or reduction of an exemption for the current year. This notice is sent regardless of information included with the Section 25.19 notice of appraiser value and must be sent separately from any other notice sent to the owner. The notice is sent by April 1 if the property had qualified for an exemption and by May 1 if the residential property had not qualified.

House Floor Amendment #1 to Substitute SB 2 adds that a person who enters into a contingency fee agreement to act as the agent of a property owner must be a licensed Texas attorney. Currently, most non-lawyer tax agents charge a contingency fee percentage; they would have to change to an hourly or flat rate fee.

A property owner may request that the appraisal district deliver information for a protest hearing in an electronic format.

The appraisal district shall appraise property in accordance with appraisal manuals required by law to be prepared and issued by the Texas Comptroller.

The Comptroller issues manuals as required by law to be prepared and issued. In Section 23.01, appraisal methods and techniques included in the most recent versions of these are considered generally accepted appraisal methods and techniques: Appraisal of Real Estate published by the Appraisal Institute, Dictionary of Real Estate Appraisal published by the Appraisal Institute, Uniform Standards of Professional Appraisal Practice published by The Appraisal Foundation, publication of the International Association of Assessing Officers that

includes information related to mass appraisal and any other verifiable authority if none of these publications includes a methodology or technique applicable to one or more classes or property.

[House Substitute SB 2 did not include the Senate Floor Amendment to Substitute SB 2 requiring the Comptroller to prescribe widely accepted industry appraisal manuals.]

The Comptroller may consult with the Property Tax Administration Advisory Board in conducting the appraisal district review of standards, procedures and methodology, prescribed by appraisal manuals issued by the Comptroller.

An appraisal district director may transmit to the chief appraiser, without comment, a written complaint by a property owner or taxing unit about a specific property appraisal. This will not be considered an ex-parte communication.

[House Substitute SB 2 did not include the Senate version of Substitute SB 2 adding the change set out in SB 449 to Section 42.23. The Legislature added in 2015 to provide that, when an appraisal district employee testifies to a real property value in an appeal of an ARB order, the court may give preference to an employee who is a state-licensed real estate appraiser. That provision was to go in effect January 1, 2020. This repeals that before it becomes effective.]

Section 25.19 notices of appraised value do not include estimated taxes. Until January 1, 2022, for counties with less than 120,000 population, the notice does include 25.19(b)(5). The old (b)(5) was the estimated taxes, based on the preceding year's tax rates. The revised (b)(5) is the statement that the Texas Legislature does not set the amount of your local taxes. There may be a question as to which requirement is for the small county provision.

In counties with special panels, the 25.19 notice includes the right to a protest hearing before a special panel.

House Floor Amendment #6 to Substitute SB 2 amends the historic site exemption in Tax Code 11.24. A taxing unit may not reduce the amount of or repeal an historic site exemption for a qualified

property unless the unit has delivered to the owner written notice of its intent to reduce the amount or repeal the exemption at least five year before doing so. This change applies to the 2018 tax year and thereafter. Any change in 2018 or a subsequent year must be reinstated and notice to the owner.

Exemption, Rendition and Appraisal Deadlines

Most deadlines dates that the filed versions of SB 2 and HB 2 proposed to change will stay as stated in current law, so no changes to the protest deadlines, certification dates or others.

Regulated utilities may request an extension from April 30 to May 15 to deliver rendition statements and property reports to the chief appraiser. The chief appraiser may further extend the deadline an additional 15 days upon good cause in writing by the owner.

[House Substitute SB 2 did not include the Senate version of Substitute SB 2 on setting the late application for freeport exemption as the later of June 15 or, if applicable, 60 days after the date on which the chief appraiser delivers notice to the owner under Section 22.22. Senate Floor Amendment to Substitute SB 2 allows for a one 15-day automatic extension to file a rendition statement, on the property owner's request.]

Appraisal Review Board Training

House Substitute SB 2 sets the new ARB training to be at least eight hours and the advanced ARB training at four hours. [The Senate version increases the Comptroller's ARB training class for new ARB members to be at least 16 hours (up from eight hours) of classroom training and education. The advanced ARB training class must be at least eight hours (up from four hours). The training for a beginning ARB member to serve on a special panel is 24 hours of classroom training and for a returning ARB member to a special panel is 16 hours of training.]

The ARB training fee may not exceed \$50 for each person trained, including an individual other than an ARB member.

Arbitrator Training

The Comptroller shall provide an arbitration manual and other materials in training arbitrators and make those materials freely available online. The manual shall be updated regularly and revised by written request. Revised language must be approved by unanimous agreement of a Comptroller committee composed of taxpayers and chief appraisers. The person requesting the revision must pay costs of mediation, if that is necessary. The Comptroller shall supervise at least a four-hour training program for arbitrators on property tax law, with an emphasis on requirements of equal and uniform appraisal of property. The training program may be provided online, with the Comptroller by rule prescribing the verification procedures. The Comptroller may contract with service providers 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.

To qualify as an arbitrator, the person must complete the Comptroller's ARB training and be issued a certificate and complete the Comptroller's arbitrator training on property tax law. To be eligible for appointment as an arbitrator, the arbitrator must reside in Texas. The requirement that the arbitrator reside in the county in which the property is located is removed, but the property owner may request that the Comptroller appoint an arbitrator who resides in the county. The owner may not request a specific arbitrator.

House Floor Amendment #22 to Substitute SB 2 reduces the current five years to two years for an individual who has served as a tax agent, CAD officer, CAD employee or ARB member before the individual may be appointed as an arbitrator for a property in the county for which the individual served in the preceding two years.

ARB Survey

The Comptroller shall prepare an ARB survey for individuals to submit comments to the Comptroller regarding the ARB and instructions for submitting the

survey. Individuals that may complete the survey include a property owner with a Chapter 41 protest or with a 25.25 motion, the property owner's agent or a designated representative of the CAD in which the protest or motion was filed who attends the hearing on the motion or protest. The survey allows the individual to submit comments and suggestions. The CAD provides the survey and instructions to each property owner or agent at or before each hearing. The individual submits the survey to the Comptroller, with only one survey for each motion or protest. The CAD may not accept the survey from the owner or agent. The Comptroller may receive the survey in person, by mail, by email or through a web page on the Comptroller's website. The CAD may not require the survey to be completed at the CAD office. The survey must be submitted within 45 days after the survey is mailed with the determination order. The Comptroller issues an annual report summarizing the surveys during the preceding year, but not disclosing the individual's identity.

House Substitute SB 2 also includes individuals who attend a hearing in person or by telephone conference call on a 25.25 motion or a protest under Chapter 41. The Comptroller form must indicate the uniform resource locator (URL) address of the Comptroller-required web page. The CAD also includes the survey form with each ARB order. If a CAD provides the survey form to a property owner or agent at one hearing that day, the CAD is not required to provide another copy of the form to the owner or agent at another hearing on the same day.

ARB Members Eligibility, Officers and Panels

Current law that restricts service as an ARB member for a person who was engaged in property tax appraisal or represented property owner for compensation during the preceding five years is reduced to the preceding three years.

Along with the current items prohibiting service on the ARB, a person may not serve as an ARB member if related within the third degree by blood or second degree by marriage to a current member of the ARB. In all counties, a person is not eligible to serve if the person has served for all or part of three previous terms as an ARB member or auxiliary ARB member. The population limit of more than 100,000 is removed.

The appraisal district board of directors determine if more than three ARB members are needed. In a county with one million population or more, the directors shall increase the size of the ARB to manage the ARB duties, including special panels. For special panels, the local administrative law judge shall select qualified people to permit the ARB chair to fill the special panel positions. An auxiliary ARB member may not hear taxpayer protests before a special panel, unless the member is eligible to be appointed to the special panel.

Special ARB panels, in counties with one million population or more, conduct protest hearings on certain properties: \$50 million or more in appraised value and classified as commercial real and personal property, utility real and personal property, industrial and manufacturing real and personal property or multifamily residential real property. These three-member panels have ARB members that possess a specific education or background, including one of the following: law degree; MBA degree; licensed CPA; accredited senior appraiser by American Society of Appraisers; MAI appraiser; Certified Assessment Evaluator designation from IAAO; at least 10 years of property tax appraisal or consulting experience; or licensed real estate broker or sales agent. The ARB chair may appoint a person who does not meet the qualifications if the administrative law judge does not appoint sufficient number of people to fill the positions and the person holds a bachelor's degree. Senate Floor Amendment to Substitute SB 2 increases the minimum property value for a special panel hearing to \$75 million, up from \$50 million. House Substitute SB 2 kept the amount at \$50 million. House Floor Amendment #4 to Substitute SB 2 requires the \$50 million to be adjusted annually for inflation. The Comptroller shall determine the minimum eligibility amount for the current tax year each January 1 and publish that amount in the Texas Register. The minimum for 202 is \$50 million. For each succeeding year, the minimum is adjusted to reflect the inflation rate. House Floor Amendment #5 to Substitute SB 2 adds that the "consumer price index" means the index for all urban consumers (all items, Dallas-Ft. Worth-Arlington, Tx, core-based statistical area), as published by the Bureau of Labor Statistics, U.S. Department of Labor.

An auxiliary ARB member may not hear taxpayer protests before a special panel unless that ARB member is eligible to be appointed to the special panel.

The local administrative judge in the county in which the CAD is established selects the ARB chair and secretary, rather than the ARB.

The concurrence of a majority of the ARB or an ARB panel present at a meeting of the ARB or panel is sufficient for a recommendation, determination, decision or other action. A concurrence by more than a majority of the all the ARB members or all members of a panel may not be required.

ARB Notices and Requested Information

The protest form must permit a property owner to request a special panel hear the protest if the property meets the new Section 6.425 requirements.

The ARB hearing notice must also include the subject matter of the hearing, along with the date, time and place. The notice is required to be delivered 15 days before the first scheduled hearing, rather than a postponed hearing date.

The chief appraiser may not charge a property owner or owner's agent for copies of the data, schedules, formulas and other information to be introduced at the protest hearing, regardless of the way the copies are prepared or delivered. The bill removes the \$15 and \$25 maximum charges for copies of this information. The chief appraiser may deliver the information requested by regular first class-mail or electronically as provided by the agreement with the property owner or owner's agent, or by referring the property owner or agent to the CAD's website on which the requested information is readily available. The hearing notice must contain a statement in a conspicuous font that clearly indicates the owner or agent may on request receive the information by first-class mail.

ARB Hearings

The ARB shall postpone a hearing if the property owner's agent requests additional time. A hearing filed by a property owner's agent shall be set for a certain time and date. Current law only allows the property owner to request a postponement or have a certain time and date.

House Substitute SB 2 provides that the ARB may schedule the hearings on all protests filed by a property owner or the owner's agent to be held consecutively. The hearing notice must state the date and time of the first hearing and the date of the last hearing and list the order in which the hearings are held. The order may not change without the agreement of the owner or owner's agent, the chief appraiser and the ARB. A rescheduled hearing may not be set to a date earlier than seven days after the date the last hearing was scheduled unless the parties agree.

House Floor Amendment #20 to Substitute SB 2 adds that an ARB must give priority in its schedule of protest hearings to a property owner over the age of 65, a disabled property owner or a owner who is military service member, military veteran or military spouse before scheduling a hearing filed by a agent of a property owner.

Protests assigned to special panels are randomly assigned. If a protest is scheduled for a particular panel, the protest may not be reassigned to another special panel without the consent of the owner or owner's agent, except for a change of panel members because of conflict of interest, illness or inability to continue that day's hearing. At the end of the special panel hearing, the ARB provides the owner or owner's agent the affidavits signed by the ARB members.

Special panels (for properties with \$50 million or more in appraised value and classified as commercial real and personal property, utility real and personal property, industrial and manufacturing real and personal property or multifamily residential real property) may hear other types of protest hearings. The ARB chair may assign a property not specifically listed to a special ARB panel, but only if the assignment to the special panel is requested or consented to by the property owner or owner's agent. Senate Floor Amendment to Substitute SB 2 increases the minimum property value for a special panel hearing to \$75 million. House Substitute SB 2 kept the amount at \$50 million. House Floor Amendment #6 to House Substitute SB 2 requires the \$50 million to be adjusted annually for inflation. The Comptroller shall determine the minimum eligibility amount for

the current tax year each January 1 and publish that amount in the Texas Register. The minimum for 202 is \$50 million. For each succeeding year, the minimum is adjusted to reflect the inflation rate.

Information that was previously requested by a protesting party and not delivered at least 14 days before the scheduled or postponed hearing date may not be used or offered in any form as evidence in the hearing, including as a document or through argument or testimony.

By rule, the ARB shall provide for hearings on a Saturday or after 5 p.m. on a weekday. The ARB may not schedule a protest hearing on a weekday evening to begin after 7 p.m. or schedule a hearing on a Sunday.

House Floor Amendment #19 to Substitute SB 2 provides that a property owner has 30 days to file a protest with the ARB on the market or appraised value of agricultural land, when the owner receives a notice that the chief appraiser has determined a change of use has occurred. The owner may protest the market or appraised value for each of the years used to determine the rollback tax, effective for tax year 2020 and forward.

ARB Decisions

House Substitute SB 2 did not include the Senate version of Substitute SB 2 adding information to recognize the top-line method as an acceptable method of resolving a protest by agreement. The Senate version provides that the chief appraiser and property owner or owner's agent may file a joint motion with the ARB to an agreement, with the joint motion containing its terms. The ARB shall issue the agreed order within five days of filing the joint motion. The parties may provide that the agreed order is appealable.

House Substitute SB 2 did not include the Senate version of Substitute SB 2 addressing confusion between Sections 6.42 and 41.45 that the determination of a protest must be made by the ARB.

House Substitute SB 2 did not include the Senate version of Substitute SB 2 adding that the ARB determination order separately states land and improvement value. Some ARBs currently do this.

A taxing unit may not challenge the level of appraisal of any category of property or in any territory in the district. That option is deleted from the items a taxing unit may challenge to the ARB.

If the recommendation of an ARB's special panel is not accepted by the ARB, the ARB may refer the matter for rehearing to another special panel or, if not sufficient members, the entire ARB may determine the protest.

The ARB may not determine the appraised value of a property in a protest to be greater than the appraised value as shown in the appraisal records submitted by the chief appraiser.

House Substitute SB 2 requires that the ARB shall determine the protest and send the certified mail no later than 30 days after the hearing date on the protest is concluded, if the ARB is for a county with a population of less than four million. The ARB must send the determination or no later than 45 days after the hearing, if the ARB is in a county with a population of four million or more.

District Court Appeal or Arbitration

House Substitute SB 2 did not include the Senate version of Substitute SB 2 that the district court judge or arbitrator cannot determine the appraised value of the property greater than the value submitted to the ARB by the chief appraiser, except as requested and agreed to by the owner.

House Substitute SB 2 did not include the Senate version of Substitute SB 2 that an entity is not required to register to do business in Texas to file an appeal or to be considered a proper party to the petition. A request for information regarding the entity's registration status is outside the scope of permissible discovery in an appeal and may not be a prerequisite to a settlement discussion. A party to an appeal may file objections to third-party discovery or for a closing statement, a rent roll or an operating statement. The court shall grant discovery subject to the objection only if the discovery is necessary under generally accepted appraisal methods to determine the property's value and would be admissible at trial.

House Substitute SB 2 did not include the Senate version of Substitute SB 2 that increases the deadline to request arbitration from the current 45 days to 60 days. Comptroller cannot reject an arbitration request without giving owner time to cure any problems with the arbitration request within 15 days after the Comptroller delivers notice of the defect in the request application.

House Substitute SB 2 did not include the Senate version of Substitute SB 2 that a taxing unit may not file a lawsuit to collect a delinquent tax on a property pending a district court appeal, unless the owner failed to comply with the required partial payment during the appeal process, set forth in Section 42.08.

House Floor Amendment #21 to Substitute SB 2 addresses contiguous properties for binding arbitration to state that tracts of land may not be considered noncontiguous on the basis of their classifications, provided the tracts constitute the same economic unit. This provision is also SB 1876 and companion HB 1882.

Comptroller Tax Rate Calculation Forms and State Tax Rate List

The Comptroller shall prescribe electronic tax rate calculation forms for the no-new revenue tax rate and the voter-approved (rollback) tax rate to be used in the tax rate adoption process. The forms shall provide for certification by the designated officer or employee who completes them, using values that are the same as those on the taxing unit's certified appraisal roll or certified estimate. Senate Floor Amendment to Substitute SB 2 requires the Comptroller to review and verify the certified values and tax rates reported by all taxing units. House Committee SB 2 includes requiring the Comptroller to collect and review data submitted by each county, city, school district and special district. It does not use the word "verify."

The Comptroller forms shall be capable of being electronically added into the property tax database maintained by each appraisal district under new Section 26.17 (discussed below) and submitted electronically to the county tax assessor-collector in which the taxing unit is located. The Comptroller shall use the forms posted on its website January 1, 2019, modified as necessary to comply with this new law. Any revision to the forms, other than statutory

changes, must be approved by agreement of a majority of committee members selected by the Comptroller. If the Comptroller receives a written request for a change, the person requesting the revision shall pay the costs of mediation if it is required. A meeting of the committee is not subject to the Open Meetings Act.

House Substitute SB 2 includes that the Comptroller's biennial report of values and tax rates include special districts.

The Comptroller revises the statewide list of tax rate information posted on its website to include school districts. The Comptroller prescribes the how and when the tax rates are reported. The Comptroller lists the rates alphabetically according to the county in which the taxing unit is located and publishes the list no later than January 1 of the following year.

Truth-in-Taxation Requirements

The House Substitute SB 2, the Texas Taxpayer Transparency Act," provides:

- 1) Limit school tax rates increases to 2%; the Senate version has 2.5%. This point is subject to debate since the House has stated that school rate limits should be in the school finance bill.
- 2) Sets 3.5% increase for cities and counties, but allows up to \$500,000 increase in taxes before triggering an election.
- 3) Keeps hospital districts and community college districts at 8% because of the inflation of medical and education expenses.
- 4) Factors in that a taxing unit it not penalized for offering a local homestead exemption.
- 5) Provides for a five-year carry-over to bank unused revenue growth.

House Substitute SB 2 requires counties, cities and other taxing units (other than hospital districts and community college districts) to receive voter approval before increasing the tax rate to generate more property tax revenue than 3.5% above the preceding tax year's amount.

New Section 26.013 provides that a taxing unit that did not use all of its revenue growth may "bank" that unused growth, as long as the taxing unit averaged below 3.5% over five years. By banking some

revenue growth, the taxing unit could add to its 3.5% cap in a tough financial year.

Hospital districts and community college districts remain at the 8% increase. They would be subject to an automatic election if they adopted a tax rate that exceeds the voter-approved (rollback) tax rate, which has an 8% increase in M&O taxes.

House Substitute SB 2 sets the school district increase at 2%. Senate Floor Amendment to Substitute SB 2 has school districts at 2.5% increase.

The Senate version of SB 2 changes the name of the rollback tax rate to the voter-approved tax rate. House Floor Amendments #15 and #16 to Substitute SB 2 change the “rollback” tax rate to the “voter-approved” rate and “an election to ratify the rate” to an “election to seek voter approval of the rate.”

House Substitute SB 2 does not include this addition. Senate Floor Amendment #2 to Substitute SB 2 allows for a county to adjust its voter-approved tax rate to pay for increased taxes that must pay for indigent criminal defense costs. The indigent defense costs are based on July 1 to June 30, less state grants for that purpose. The county’s notice includes information about the increasing indigent defense costs.

House Substitute SB 2 adds definitions to Tax Code 21.012, including:

“De minimis rate” means the rate equal to the sum of a taxing unit’s no-new-revenue M&O rate, the rate that applied to current total value imposed a de minimis amount and the taxing unit’s current debt rate.

“Inflation rate” means the amount computed by determining the percentage change in the consumer price index (CPI) for the preceding calendar year as compared to the CPI for the calendar year preceding that calendar year.

“Special taxing unit” means a taxing unit, other than a school district, for which the M&O tax rate proposed for the current year is 2.5 cents or less per \$100 of value, a junior college district or a hospital district.

“No-new-revenue” is the new name for the effective tax rate.

House Floor Amendment #11 to Substitute SB 2 adds to the definition of “last year’s levy” to include the taxable value that has been appealed under Chapter 42 and is actively under review as of July 25.

House Floor Amendment #12 to Substitute SB 2 revises the definition of “actual tax rate” for the unused increment rate to mean a taxing unit’s maintenance and operations tax rate used to levy taxes for maintenance and operations. The previous definition used the total taxes, including debt.

By August 1 or thereafter, the Comptroller shall determine the de minimis amount, adjusted for the inflation rate, for the current year and publish it in the Texas Register. For the 2020 tax year the de minimis amount is \$500,000.

House Substitute SB 2 provides that, in case of a disaster area declared by the Governor or President, a taxing unit in the disaster may increase the rate by 8% until the earlier of the first tax year that total taxable values exceed the total values on January 1 of the year the disaster occurred or the fifth year after the tax year in which the disaster occurred. House Floor Amendment #13 to Substitute SB 2 changes the “first” tax year to the “second” tax year.

House Floor Amendment #18 to Substitute SB 2 adds “wildfire” to the types of disasters listed in Section 26.08.

Current deadlines, including July 25 appraisal roll certification, are not changed. House Substitute SB 2 that, if the ARB has not approved the appraisal records by July 20, then by July 25 the chief appraiser certifies an estimate of taxable values for each taxing unit.

The taxing unit’s assessor shall calculate the no-new-revenue tax rate and the voter-approved tax rate using the certified estimate of taxable value, if the unit receives a certified estimate. The designated officer or employee shall use the Comptroller tax rate calculation forms

If the anticipated collection rate for current debt taxes is lower than the lowest actual collection rate of the taxing unit for any of the preceding three years, the anticipated collection rate is equal to the lowest actual

collection rate for any of the preceding three years. The anticipated collection rate may exceed 100%.

If the taxing unit imposes an additional sales and use tax, the unit may not adopt the tax rate until the chief financial officer or auditor submits a written certification on the amount of the additional sales and use tax that will be used to pay debt has been deducted. The Comptroller prescribes the certification form.

House Floor Amendment #14 to Substitute SB 2 addresses the “enhanced indigent health care expenditures” in Section 26.0441 to state the indigent health care under Chapter 61, Health and Safety Code.

House Substitute SB 2 includes a new Section 26.0442 regarding the tax rate adjustment for local-option homestead exemptions. The amount of tax revenue that the taxing unit was unable to collect in the preceding tax year as a result of a local option exemption in Section 11.13(d) (over-65/disabled) or (n) (percentage homestead) is based on the preceding tax year by the appraised value of property not taxable. If the taxing unit’s local-option residence homestead exemption costs for the current year exceed the amount of those costs for the preceding tax year, the no-new-revenue M&O rate is increased by the rate to recoup the difference. The taxing unit’s notice includes a statement about the increasing costs of the local-option homestead exemption.

By August 7, or as soon thereafter, the officer or employee completes the calculation forms and submits the rates to the governing body. The governing body may not adopt the tax rate until the designated officer or employee certifies these tax rates, using the values shown on the unit’s certified appraisal roll or the certified estimate. The unit proposes a tax rate.

Other than a school district, a taxing unit’s governing body cannot adopt the tax rate until the chief appraiser delivers a new required notice to property owners; the designated officer or employee has entered the tax rate calculation information and forms into the property tax database required by new Section 26.17; and the taxing unit has posted on its website the required information in new Section 26.18.

House Substitute SB 2 requires the officer to submit the tax rate calculation forms to the county tax assessor-collector in each county in which the taxing unit is located.

The designated officer or employee also publishes these rates and other property tax information (such as, unencumbered fund balances, debt schedule, excess debt collections, sales and use taxes, taxes if no-new revenue rate adopted) in a newspaper and posting them prominently on the home page of the unit’s website. The newspaper posting and website posting are in a form prescribed by the Comptroller. House Substitute SB 2 removes the requirement to mail to each property owner.

The officer or employee of the taxing unit electronically enters the tax rate information into the appraisal district database and uploads the completed tax calculation forms. By August 7, the chief appraiser informs the property owners within the district that the estimated tax amounts imposed on the owner’s property are on the property tax database maintained by the appraisal district. The chief appraiser delivers by regular mail or email to each property owner. The statements for this notice are set out in the Tax Code Section 26.04, and the Comptroller adopts rules for the notice form, with the advice of the property tax administration advisory board. Notices for all types of taxing units are revised.

The taxing unit shall include as an appendix to the taxing unit’s budget the tax rate calculation forms used to calculate the no-new-revenue rate and the voter-approved tax rate for that fiscal year.

New Section 26.17 requires the chief appraiser to create and maintain a property tax database that identifies the county (not the CAD) and contains information from the officers or employees of the taxing unit in the CAD. The chief appraiser will continuously update the preliminary and revised data and make the searchable data by property address and owner available to the public. The database includes a property’s ID number; market and taxable values; names of taxing units taxing the property; the no-new revenue tax rates and the voter-approved tax rates; school comparable rates; the proposed rates; the taxes that would be imposed with the no-new-revenue rates

and with the proposed tax rated, along with amount difference; the date, time and location for the public hearing on the proposed rate by a taxing unit; the date and location for adopting the tax rate by the taxing unit; the email address for the taxing unit to receive written comments about the proposed rate; and a link to each taxing unit's website. The website allows the property owner to electronically complete and submit to a taxing unit the owner's opinion on the taxing unit's proposed tax rate. The owner must provide the owner's name and contact information and the physical address of the owner's property in the taxing unit. The form is available at any time during the period between the proposed tax rate and the adopted tax rate. The taxing unit's designated officer uploads the tax rate calculation forms. The chief appraiser makes the information available to the public within three days after being submitted/uploaded.

The taxing unit's governing body must adopt the tax rate before the later of September 30 or 60 days after the date the certified appraisal roll is received by the taxing unit with an exception. A taxing unit must adopt a tax rate that exceeds the voter-approved tax rate not later 71 days before the next uniform election date that occurs in November.

House Substitute SB 2 requires at least five days after the chief appraiser delivers the notice before the governing body may hold a hearing on its proposed tax rate or adopt the tax rate.

House Substitute SB 2 requires only one public hearing on a tax increase. The second hearing required by current law is deleted. The governing body publishes a hearing notice at least 7 days before the hearing date that is on a weekday and not a public holiday. The notice is published in a newspaper or mailed to each property owner. If published in the newspaper, the notice also is posted prominently on its home webpage.

All types of taxing units, other than school districts, use the same hearing notice or have revised notices. The county and city notice in the Local Government Code is repealed. The notice for one public hearing on the proposed tax rate that exceeds the no-new revenue tax rate and the voter-approved tax rate contains different language, based on a proposed tax increase. It shows how the elected officials voted on

the tax increase or were absent. If the proposed rate exceeds the no-new-revenue tax rate but not the voter-approved tax rate, the notice contains different statements. If the proposed rate exceeds the voter-approved tax rate but not the no-new-revenue rate, then slightly different language is on the notice. A new Section 26.061 adds the notice for a proposed tax rate that does not exceed either the no-new-revenue rate or the voter-approved tax rate.

For these different versions of the hearing notice, new Section 26.062 requires at the end of the notice a statement comparing the taxes imposed on the average residence homestead for the current and preceding year, along with a specific table of five rows and four columns with required headings and information. The taxing unit must post the public hearing notice on its website's home page continuously for seven days before the public hearing and before the meeting to adopt the rate if at a later date.

The governing body may vote on the proposed tax rate at the public hearing. If they do not vote on the rate at the hearing, the governing body announces at the hearing the date, time and place of the meeting at which they will vote. After the hearing, the governing body also will post a Notice of Tax Revenue Increase before the meeting to adopt. The meeting to adopt the tax rate may not be earlier than seven days after the date of the public hearing. Previous law was between three to 14 days. The taxing unit also posts on its website information. If the taxing unit fails to adopt at that meeting, then it must give a new notice for the date to adopt.

House Substitute SB 2 includes a new Section 26.063 for an alternate provisions for the tax rate notice for a unit other than a special taxing unit for which the de minimis rate exceeds the voter-approved tax rate. The definition of voter-approved tax rate changes on the unit's notice to reflect that the taxing unit does not hold an election to ratify the de minimis rate, along with other language changes to the hearing notice.

A property owner may seek an injunction to stop the tax rate adoption if the assessor, designated employee, chief appraiser or taxing unit fails to follow the process of computation and posting. A defense for an injunction was that the failure to

comply was in good faith. The injunction must be filed no later than 15 days after the taxing unit adopts the tax rate. A property owner is not required to pay the taxes while the action is pending. If the owner pays and prevails, the owner is entitled to an automatic refund, together with reasonable attorney's fees and court costs.

A taxing unit with a rate of 50 cent or less raising \$500,000 or less may continue to use a simpler process, but must now provide public notice of its proposed tax rate by posting notice on the home page of its website.

House Substitute SB 2 requires that voter-approved tax rate ratification elections under Section 26.07 be held on the November election date. Section 26.07 changes to an automatic election for a taxing unit, other than a school district, that adopts a tax rate that exceeds the voter-approved tax rate. The taxing unit's governing body must adopt a tax rate that exceeds the voter-approved tax rate not later than 71 days before the next uniform election date prescribed by Section 41.001, Election Code, that occurs in November of that year. Calling of the election may not be issued later than August 15. The ballot must include the adopted tax rate and the difference between that rate and the voter-approved rate. If voters do not approve the higher rate and tax bills have been mailed, then the assessor sends corrected tax bills with an explanation. The taxing unit is not required to hold a ratification election for a higher tax rate for the year following the year in which a disaster occurs. The disaster impacts the taxing unit and the Governor declares a disaster area.

House Floor Amendment #17 to Substitute SB 2 requires the ballot to also show the taxing unit's preceding year's tax rate.

Current Section 26.08 addresses school ratification election process if the adopted tax rate exceeds the voter-approved rate. House Substitute SB 2 provides that the school district voter-approved tax rate is the sum of the rates that is equal to the product of its non-revenue M&O rate multiplied by 1.02 (2% increase) and its current debt rate. It retains the same time period to call the election, which is not less than 30 days to more than 90 days after adoption. The election is not required to be in November. The

election is not required for a tax year following the year of a disaster in the area declared by the Governor and the tax rate increases for expenditures to respond to the disaster.

House Substitute SB 2 does not include this from the Senate version of Substitute SB 2, that, for a fiscal year that begins in 2020, a taxing unit may not adopt a budget or take any other action that has the effect of decreasing the total compensation to which a first responder employed by the unit was entitled in the preceding fiscal year first. SB 2 is not to be the excuse for cuts in revenue.

The Senate version provides that a substantially completed municipal utility district (MUD) is one that has reached 95% completion and falls under the special purpose districts. House Floor Amendment #25 to Substitute SB 2 addresses the changes for tax rate adoption in the Water Code. Tax Code Section 26.05 will apply to water districts; current law provides that section does not apply. If the district is a special taxing unit or a developed district proposed tax rate exceeds the rollback tax rate, the district publishes the "Notice of Proposed Tax Rate in Excess of Rollback Tax Rate." The "Notice of Vote on Tax Rate" also has some language changes. The provisions for a de minimis rate, unused increment rate, 3.5% increase are added to the Water Code provisions. A "developed district" is a district that has at least 95% of the project build out.

Property Tax Website Information and Database

Each county shall maintain a website, to which the county tax assessor-collector shall post specific tax rates for five years for each taxing unit in the county. With those rates, by August 1, the county tax assessor-collector shall post the tax rate calculation forms used by the designated officer or employee of each taxing unit for five tax years and also post the name and contact information for each member of the taxing unit's governing body. A separate provision requires the taxing units to submit to the county tax assessor-collector the tax rate worksheets for tax years 2015-2019 for the county tax assessor-collector to post to the county's website. This special provision requires this to happen within 30 days after the special provision is effective, which is immediately if passed by two-thirds of both houses; otherwise, on the 91st day after the last day of the legislative session.

New Section 26.18 requires each taxing unit to maintain or have access to a website. The unit shall post tax rates, budgets, names and contact information, along with other information to its website. A taxing unit that does not own, operate or control an Internet website is not required to post notices until the first tax year in which the taxing unit is required by law to maintain or have access to a website.

House Floor Amendment #9 to Substitute SB 2 amends Section 1.02 to remove language regarding a home-rule city's initiative and referendum. These SB 2 changes in law supersedes any provision of a municipal charter or ordinance relating to property taxation, including a provision setting or requiring a vote to set a tax rate, level of spending or limitation on tax increase by a home-rule city.

House Floor Amendment #23 to Substitute SB 2 adds new Subchapter K to Education Code Chapter 45 to address the former Chapter 18 county equalization tax. The county commissioners court may order an election on the question to revoke the county equalization tax.

House Floor Amendment #24 to Substitute SB 2 adds HB 3298 to require an 11-member Select Commission on Periodic Tax Preference Review. The Commission consists of five senators and five representatives, plus the Texas Comptroller, to perform a periodic review of state and local tax preferences and their expiration dates. The Commission shall review abatements, credits, discounts, exclusions, exemptions, limitation on appraised value, refunds, special valuation, special accounting treatment, special appraisal method or provision, special rates or special reporting related to a state or local tax. The Commission shall establish a schedule to be revised biennially to review whether the tax preference accomplishes its intended purpose, whether it could be accomplished through a more cost-effective method and the effect on the economic development in the state. The schedule is due by January 15, 2020, the initial report by September 1, 2020 and the final initial report by December 1, 2020.

Proposed Effective: 1/1/2020, with some sections effective 9/1/2020 and some 1/1/2021. One change to Section 25.19(b) and (i) takes effect 1/1/2022.

Status: House Substitute SB 2, with 25 House Floor Amendment, was not accepted by the Senate; appointed conference committee: Senators Hancock (chair), Bettencourt, Hinojosa, Creighton and Perry and Representatives Burrow (chair), Canales, Guillen, Murphy and Noble 5/10/19. Substitute HB 2, with 180 pre-filed House floor amendments, laid on table, subject to call 4/30/19.

Appraisal District Administration

~~COMPTROLLER APPOINTS PROPERTY TAX ADMINISTRATION ADVISORY BOARD, ALONG WITH CHANGES TO ARB AND ARBITRATION TRAINING, ARB PROTEST PROCESS AND SURVEY~~

SB-67 Nelson

~~Adds 5.01, 5.043, 5.104 and amends 1.085, 5.041, 5.103, 6.412, 6.42, 41.46, 41.461, 41.47, 41.66, 41.67, 41.71, 41A.06, 41A.061, 41A.09~~

~~The Comptroller appoints a minimum six member Property Tax Administration Advisory Board 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 who has knowledge or experience with ratio studies. Any advice to the Comptroller from 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. See also *Appraisal Review Board*.~~

~~Proposed Effective: 1/1/2020.~~

Status: SB-67 left pending in Senate Property Tax 2/26/19.

CHILD PROTECTIVE SERVICES
CASEWORKER OR INVESTIGATOR MAY
REQUEST HOME ADDRESS BE KEPT
CONFIDENTIAL

HB 759 Wu; similar SB 1494 Paxton

Amends 25.025; amends Government Code 552.117, 552.1175

These bills add to the list of people that may request their home address be kept confidential in the county appraisal district's records to include a current or former child protective services caseworker or investigator for the Department of Family and Protective Services or a current or former employee of a department contractor performing caseworker or investigator functions for the department. Substitute HB 759 also adds a current or former adult protective services caseworker. House Floor Amendments add an adult protective services caseworker and to another provision adds a statewide elected official or member of the Legislature (which was filed as SB 662).

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: Substitute HB 759 reported from Senate Business & Commerce 5/19/19. SB 1494 passed House, with two House Floor Amendments, 5/15/19; set on Senate Items Eligible Calendar 5/20/19.

LAWSUIT ACTION AGAINST A REAL ESTATE
APPRAISER OR APPRAISAL FIRM REQUIRED
WITHIN CERTAIN TIME PERIOD

HB 1116 Wray; SB 939 Creighton

Adds Civil Practice and Remedies Code 16.013, 154.074

These bills provide that a person must bring suit for damages or other relief arising from an appraisal conducted by a real estate appraiser or appraisal firm not later than the earlier of (1) two years after the person knew or should have known about the facts on which the action is based or (2) five years after the day the appraisal was completed. A real estate appraiser is an individual licensed or certified under Occupations Code Chapter 1103 by the Texas Appraiser Licensing and Certification Board. A real estate appraisal firm is an entity engaging a real estate appraiser or independent contractor to perform an appraisal or appraisal review. Substitute HB 1116 and

Substitute SB 939 make an exception for a suit brought for fraud or breach of contract. House Floor Amendment to Substitute HB 1116 adds provision for resolving disputes by contractual appraisal process within 60 days after the date a party receives or submits written notice of a dispute.

Proposed Effective: 9/1/2019.

Status: Substitute HB 1116, with one House Floor Amendment, referred to Senate Business & Commerce 5/14/19. Substitute SB 939 reported from House Judiciary & Civil Jurisprudence 5/14/19 and set on House Calendar 5/21/19.

ELIGIBILITY FOR TDLR LICENSE REVISED
FOR CRIMINAL CONVICTION

HB 1342 Leach; SB 523 Hinojosa; related SB 834 Powell; related SB 1217 Alvarado

HB 1342 adds Occupations Code 51.357, 51.358, 53.003, 53.0231, 53.026 and amends 51.355, 51.4041, 53.021, 53.022, 53.023, 53.051, 53.104

~~SB 834 amends Occupations Code 53.0211~~

SB 1217 adds Occupations Code 53.0231

These bills address eligibility for a TDLR license and a person with a criminal conviction.

HB 1342 provides that a person has the opportunity for a license for gainful employment after conviction of an offense and discharge of the sentence. The TDLR's current provision of five years since committing offense is removed for an offense that did not directly relate to the duties of the licensed occupation. If the criminal conviction directly relates to the license occupation, TDLR may use factors to determine if the license is awarded. The person has 30 days to present relevant information to TDLR to have the opportunity to be examined for a license. HB 1342 also provides that a person whose license was revoked may apply for a new one before the first anniversary of revocation if the revocation was based solely on the person's failure to pay an administrative penalty and the person had paid the penalty in full or was paying under a payment plan in good standing.

~~SB 834 adds a list of certain felony offenses outlined in the Occupations Code that TDLR shall not issue a license to an otherwise qualified applicant. For other felony offenses, TDLR could issue a license or a provisional license.~~

SB 1217 adds that TDLR may not consider an arrest that did not result in a conviction or deferred adjudication in determining a person's fitness to perform the duties of the licensed occupation.

Proposed Effective: HB 1342 is effective 9/1/2019. SB 1217 is effective immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2019.

Status: Substitute HB 1342 reported from Senate Business & Commerce and recommended for Senate Local/Uncontested Calendar 5/17/19. SB 523 left pending in Senate Business & Commerce Committee 4/30/19. SB 834 referred to Senate Business & Commerce 3/1/19. Substitute SB 1217 reported from House Corrections Calendar 5/16/19 and set on House Local Calendar 5/22/19.

PERSON MUST ACT ON TECHNICAL DEFECT IN REAL PROPERTY TITLE WITHIN SIX MONTHS OF FILING AT COUNTY CLERK'S OFFICE

HB 1176 Darby; SB 2402 Menendez

Amends Civil Practice and Remedies Code 16.033

Substitute HB 1176 provides that a person with a right to action for recovery of real property or an interest in real property, because the property instrument has a certain technical defect, must bring suit not later than two years after the instrument is filed in the county clerk's office. An instrument affecting real property that contains a defect in, omission of or informality in the acknowledgment that has been filed longer than six months is considered to have been lawfully recorded.

Proposed Effective: 9/1/2019.

Status: Substitute HB 1176 set on Senate Calendar 5/20/19. SB 2402 referred to Senate State Affairs 3/21/19.

~~ARB MEMBERS ELECTED BY COUNTY VOTERS IN MONTGOMERY COUNTY~~

SB 1986 Creighton; similar SB 1987 Creighton

SB 1987 adds 6.414, 6.44, 6.45 and amends 6.411, 6.413, 41.66

SB 1986 sets out an election process for three ARB members in new Section 6.4101. A county resident files an application with the county judge for a place on the ballot as an independent candidate, along with a filing fee of \$250. The resident must have resided in

~~the county for at least two years before the date of the election. The filing fee is deposited to the credit of the county general fund. A vacancy on the ARB is filled by the appraisal district board of directors for the unexpired portion of the two-year term.~~

~~SB 1987 sets out an election process for appraisal review board (ARB) members in Montgomery County (with a population of more than 400,000 and adjacent to a county with a population of more than 3.3 million and no other counties with a population of more than 300,000). The ARB consists of three members elected by the county voters at the general election for state and county officers. The members serve two-year terms. For details, see *Appraisal Review Board*.~~

~~Proposed Effective: 1/1/2021, with some sections effective 1/1/2020. Elections are held at the 2020 general election and ARB members take office 1/1/2021.~~

Status: SB 1986 left pending in Senate Property Tax 4/16/19. SB 1987 referred to House Ways & Means 5/13/19.

~~PROPERTY OWNER CAN FILE LAWSUIT TO COMPEL APPRAISAL DISTRICT OR ARB TO COMPLY WITH TAX PROTEST PROCEDURE~~

SB 1428 Hancock

~~Adds Chapter 41, Subchapter E~~

~~SB 1428 adds that a property owner or owner's agent who filed a protest may file a lawsuit in district court against the appraisal district, the chief appraiser or the ARB to compel compliance with a procedure under Tax Code Chapter 41 or board rule. The lawsuit is limited to failure to comply with the procedure and does not address the merits of the protest or a Section 25.25 motion. Neither party may conduct discovery. If the court determines that the appraisal district, chief appraiser or ARB failed to comply, the court shall order compliance with the procedure, enter any order to preserve rights and award court costs and reasonable attorney's fees to the owner or owner's agent. The court order is final and may not be appealed. Substitute SB 1428 removes the tax agent from filing the lawsuit, and the property owner must notify by certified mail the chief appraiser or ARB chair and provide 10 days to correct the compliance. Substitute SB 1428 also changes the "shall" to "may"~~

~~on the award of attorney fees. See also *Appraisal Review Board*.~~

~~Proposed Effective: 1/1/2020.~~

~~**Status: Substitute SB 1428 reported from House Ways & Means 5/16/19.**~~

CAD BOARD OR ADMINISTRATIVE LAW JUDGE MAY REMOVE ARB MEMBER FOR REPEATED BIAS OR MISCONDUCT

HB 2179 Wray

Amends 6.41

HB 2179 provides that the appraisal district board of directors may remove an ARB member for evidence of repeated bias or misconduct. The bill removes the language of “clear and convincing” evidence. For larger appraisal districts in which the administrative law judge appoints the ARB members, HB 2179 provides that a property owner, tax consultant or tax agent may communicate with the local administrative law judge about evidence of repeated bias or misconduct. See also *Appraisal Review Board*.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: HB 2179 reported from Senate Property Tax and recommended for Senate Local/Uncontested Calendar 5/17/19.

HOME ADDRESS MUST BE CONFIDENTIAL FOR STATE OR FEDERAL JUDGE

HB 2435 Smith

Amends 25.025; amends Transportation Code 521.121

HB 2435 removes the Code reference in current law that defined the judge whose home address must be kept confidential in the county appraisal district’s records. This bill removes the reference to the definition in Government Code Section 572.002. The Office of Court Administration notifies the appraisal district of the state or federal judge, or judge’s spouse, on the judge’s qualification for office.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: HB 2435 referred to Senate State Affairs 5/14/19.

TDLR MAY CONTRACT FOR HELP WITH THE COMPLAINT PROCESS

HB 2452 Goldman

Amends Occupations Code 51.252

HB 2452 provides that the Texas Department of Licensing and Regulation (TDLR) may contract with a qualified individual to assist with the complaint review process. TDLR may accept, but is not required to investigate, a complaint that lacks sufficient information to identify the source or the name of the person who filed the complaint. The contracted individual is immune from liability and may not be subject to a suit for damages for any act arising from the performance of the individual’s duties with TDLR.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: HB 2452 passed Senate 5/15/19 and sent to Governor 5/17/19.

HOME ADDRESS MAY BE CONFIDENTIAL FOR VOLUNTEER OR PAID FIREFIGHTERS AND EMS PERSONNEL

HB 2446 Swanson

Amends 25.025; adds Government Code 552.159 and amends 522.117, 552.1175

HB 2435 adds to the list of people that may request their home address be kept confidential in the county appraisal district’s records to include a firefighter or volunteer firefighter or emergency medical services personnel, as defined by Health and Safety Code Section 773.003. Substitute HB 2446 also adds to the Government Code that the work schedule or time sheet of these type personnel are also confidential.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: Substitute HB 2446 voted as substituted from Senate Business & Commerce 5/17/19.

~~HOME ADDRESS MAY BE CONFIDENTIAL FOR EMPLOYEE OF ABORTION OR FAMILY PLANNING SERVICES~~

~~**SB 2059 Menendez**~~

~~Amends 25.025~~

~~SB 2059 adds to the list of people that may request their home address be kept confidential in the county appraisal district’s records to include an employee,~~

~~volunteer or contractor for a clinic or facility that provides abortion or family planning services.~~

~~Proposed Effective: 9/1/2019.~~

~~Status: SB 2059 referred to Senate State Affairs 3/21/19.~~

COMPTROLLER MAY PERFORM LIMITED REVIEW OF CAD IN A DECLARED DISASTER AREA

HB 3384 Shine

Amends 5.102

HB 3384 sets out that the Comptroller may conduct a limited-scope review of an appraisal district that is located in an area, wholly or partly, declared by the Governor to be a disaster area during a tax year in which the CAD is required to be reviewed. The MAP review is one that addresses the CAD's methods and procedures. The chief appraiser must request the limited-scope review, and the Comptroller determines that one of the following exists: the CAD building is destroyed or damaged for at least 30 days, the CAD's computer system is unusable for at least 30 days or the CAD does not have the resources due to extraordinary circumstances.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: **HB 3384 left pending Senate Property Tax 5/16/19.**

PERSONAL INFORMATION MAY BE OMITTED FROM RECORDED PROPERTY RECORDS

SB 73 Nelson

Amends 25.025; amends Property Code 11.008; amends Transportation Code 521.121

SB 73 adds to the types of items that may omit a person's social security number or Texas driver's license number to include any record recorded by a county clerk related to real property, including a mineral lease, mechanic's lien and release of a mechanic's lien. Current law states a deed or deed of trust. SB 73 also revises Section 25.025 for confidential home address information for a federal or state judge to remove the "as defined by Section 572.002, Government Code." The provision will apply to any federal or state judge and the judge's spouse.

Proposed Effective: 9/1/2019.

Status: **Substitute SB 73 passed House 5/17/19 and will go to the Governor.**

~~CAD DIRECTORS ARE REQUIRED TO BE ELECTED OFFICIALS FROM TAXING UNITS~~

SB 347 Flores

Amends 6.03

~~SB 347 requires that an appraisal district director be an elected member of the governing body of a taxing unit entitled to vote for directors. The director also must have resided in the appraisal district for at least two years immediately preceding taking office. Current directors may complete their current terms.~~

~~Proposed Effective: 9/1/2019.~~

Status: **SB 347 reported from House Ways & Means 5/15/19.**

DEFINITION CHANGED FOR FEDERAL OR STATE JUDGE AND CONFIDENTIAL HOME ADDRESS

SB 489 Zaffirini

Amends 25.025; amends Government Code 72.015; adds Election Code 254.0313; amends Property Code 11.008; amends Transportation Code 521.121

SB 489 removes the reference to the definition of a federal or state judge in Government Code Section 572.002 when applying the provision that a federal or state judge has the home address confidential in appraisal district records.

Proposed Effective: 9/1/2019.

Status: **SB 489 set on House General Calendar 5/21/19.**

STATE OFFICIAL MAY REQUEST HOME ADDRESS BE KEPT CONFIDENTIAL

SB 662 Campbell

Amends 25.025; amends Government Code 552.117, 552.1175

SB 662 adds to the list of people that may request their home address be kept confidential in the county appraisal district's records to include a state officer elected statewide or a member of the Texas Legislature.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: SB 662 reported from House State Affairs 5/16/19 and set on House General Calendar 5/21/19.

~~TAXING UNIT ELECTED OR APPOINTED OFFICIAL MAY NOT SERVE AS CHIEF APPRAISER~~

SB 1146 Fallon; similar SB 1261 Bettencourt

SB 1146 amends 6.035

SB 1261 adds 6.054

~~SB 1261 restricts that a person may not be employed as the chief appraiser if the person is an elected or appointed officer of a taxing unit located wholly or partly in the appraisal district.~~

~~Proposed Effective: SB 1146 is effective 9/1/2019.~~

~~SB 1261 is effective 1/1/2020.~~

Status: SB 1146 left pending in Senate Property Tax 4/2/19. SB 1261 reported from House Ways & Means and recommended for House Local/Consent Calendar 5/15/19.

~~HOME-RULE CITY PROVIDES NOTICE AND DIGITAL MAP AT NO CHARGE DURING ANNEXATION~~

SB 1303 Bettencourt

Adds Local Government Code 43.0635 and amends 41.001, 43.052, 43.0561, 43.063,

~~SB 1303 requires a city of maintain a map with its boundaries and extraterritorial jurisdiction that is easily accessible to the public and on its website, if it has one. A home-rule city shall create or contract for a digital map to be available without charge to the public and in a format widely used by common GIS software. A home-rule city shall give written notice to each property owner in an area to be annexed 90 days before the city adopts or amends it annexation plan. A property owner is the owner indicated in the appraisal district records for the area. The digital map shall be available no later than January 1, 2020.~~

~~Proposed Effective: 9/1/2019.~~

Status: SB 1303 reported from House Land & Resource Management 5/13/19 and set on House General Calendar 5/21/19 .

~~ZONING COMMISSION GIVES NOTICE OF PROPOSED CLASSIFICATION CHANGE~~

SB 1304 Bettencourt

~~Amends Local Government Code 211.007~~

~~SB 1304 requires a zoning commission to give written notice of a public hearing on a proposed change in zoning classification to each property owner in an unincorporated county area if the nearest property line is located not more than two miles from the nearest boundary of the zoning change. The 10-day notice is addressed to each owner, as indicated on the most recently approved county tax roll.~~

~~Proposed Effective: 9/1/2019.~~

Status: SB 1304 reported from House Land & Resource Management 5/13/19.

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

SB 1592 Fallon

~~Amends Government Code 305.026~~

~~SB 1592 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 for 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: 9/1/2019.~~

Status: SB 1592 referred to Senate State Affairs 3/14/19.

~~STATE OFFICIAL MAY REQUEST HOME ADDRESS BE KEPT CONFIDENTIAL~~

SB 1965 Zaffirini

~~Amends 25.025; amends Government Code 552.117, 552.1175~~

~~SB 1965 adds to the list of people that may request their home address be kept confidential in the county appraisal district's records to include a federal public defender, deputy federal public defender or assistance federal public defender and the spouse or child of the public defender.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.~~

Status: SB 1965 referred to Senate State Affairs 3/19/19.

APPRAISAL NOTICE CONTAINS MORE INFORMATION

SB 2060 Menendez

Amends 25.19

Substitute SB 2060 adds that the chief appraiser shall include with the notice of appraised value a brief explanation of each these tax exemptions: disabled veteran, disabled veteran's surviving spouse or child, over-65 individual or surviving spouse, disabled individual or surviving spouse, surviving spouse of military member killed in action and surviving spouse of first responder killed in line of duty. Substitute SB 2060 removed these from the notice: tax limitations on the tax amount, right to pay taxes in installments, right to perform taxing unit service in lieu of paying taxes or right to defer or abate taxes. The removed items are requirements with the tax collector rather than the chief appraiser.

Proposed Effective: 1/1/2020.

Status: Substitute SB 2060 reported from House Ways & Means and set on House Local Calendar 5/22/19.

Appraisal and Renditions

~~HOMESTEAD APPRAISAL CAP REDUCED TO 5% OR TO RANGE FROM 3% TO 5%, BASED ON VALUE~~

SB 657, SJR 38 Creighton

Amends 23.23; amends Tex. Const. Art. 8, Sec. 1

~~SB 657 and SJR 38 constitutional amendment lowers the 10% cap to a range based on homestead value: 3% if the appraised value is \$1 million or less or 5% if the appraised value is more than \$1 million.~~

~~Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019.~~

Status: SB 657, SJR 38 left pending in Senate Property Tax 4/30/19.

~~5% APPRAISAL CAP SET FOR REAL PROPERTY~~

SB 1086, SJR 46 Seliger

~~Amends 1.12, 23.23 and 42.26; amends Government Code 403.302; amends Tex. Const. Art. 8, Sec. 1~~

~~SB 1086 and SJR 46 constitutional amendment would change the 10% appraisal cap for residence homesteads to an appraisal cap for all real property~~

~~and would set the appraisal cap at 5% above the preceding year. The appraisal cap would apply the first year after the owner acquires the property and would expire when the owner no longer owns the property. In the case of residential homesteads, the cap would expire when the spouse who inherits a homestead property ceases to own the property. In the case of non-homestead property subject to multiple ownership, the cap expires when at least 50% of the ownership is sold or transfers in a given year. The cap will first be effective on the tax year beginning after the 2019 tax year. The Comptroller adjusts the Property Value Study findings for the appraised value losses for state funding to school districts.~~

~~Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019.~~

Status: SB 1086, SJR 46 left pending in Senate Property Tax 4/23/19.

PROPERTY VALUE DETERMINED BY PROTEST OR COURT APPEAL MAY NOT INCREASE IN FOLLOWING TAX YEAR UNLESS CLEAR AND CONVINCING EVIDENCE

HB 1313 King

Amends 23.01

HB 1313 provides that, for the current tax year, the chief appraiser may not increase the appraised value of a property that was determined by a protest or court appeal in the preceding year, unless the chief appraiser's increased value is reasonably supported by "clear and convincing" evidence when all the reliable and probative evidence in the record is considered as a whole. Current law requires "substantial" evidence. One House Floor Amendment states in the next tax year the property is appraised rather than the following tax year.

Proposed Effective: 1/1/2020.

Status: HB 1313, with one House Floor Amendment, reported from Senate Property Tax and recommended for Senate Local/Uncontested Calendar 5/17/19.

DEADLINE CHANGED FOR APPLICATION REQUESTING ALLOCATION OF VALUE

HB 1815 Sanford; SB 1157 Fallon

Amends 21.09

HB 1815 moves the deadline for an application requesting allocation of value from April 1 to May 1.

Proposed Effective: 1/1/2020.

Status: **HB 1815 reported from Senate Property Tax 5/13/19 and set on Senate Calendar 5/20/19. SB 1157 left pending in Senate Property Tax 4/2/19.**

PENALTY REDUCED FOR FAILING TO FILE MOTOR VEHICLE INVENTORY STATEMENT
HB 3225 Springer

Amends 23.122, 23.129

HB 3225 reduces the penalty for failing to file the required motor vehicle inventory monthly statement to \$100 for each month or part of a month that the statement is not filed or timely filed after the due date. Current law has the penalty at \$500 per month. The collector may require the dealer to pay the penalty. The collector may not waive this penalty.

Proposed Effective: 9/1/2019.

Status: **HB 3225 reported from Senate Finance 5/17/19 and set on Senate Calendar 5/20/19.**

~~REAPPRAISAL FOR DISASTER AREA IS AUTOMATIC~~

~~**SB 202 Huffman; similar to SB 453 Creighton**~~

~~Amends 23.02~~

~~SB 202 requires 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 disaster area. If FEMA does not complete the damage estimate before that deadline, the chief appraiser shall complete the reappraisal as soon as possible. All taxing units for which the properties are reappraised are apportioned the costs of the disaster reappraisal. The Comptroller may adopt rules to implement and administer this provision.~~

~~SB 453 also requires the chief appraiser to reappraise an area in the county declared a disaster by the Governor, with the same provisions on taxpayer refusal, reappraisal deadline, reappraisal payments and Comptroller rules. SB 453, however, does not provide for any FEMA estimates.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.~~

~~**Status:** **SB 202 referred to Senate Property Tax 2/1/19. SB 453 left pending in Senate Property Tax Committee 3/19/19.**~~

CHIEF APPRAISER APPRAISES LAND AND HOUSING UNIT IN A COMMUNITY LAND TRUST USING SPECIFIC RESTRICTIONS

SB 335 West

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

SB 335 requires that the chief appraiser use the income method of appraisal in appraising land that is leased by a community land trust to a family meeting income-eligibility standards. The chief appraiser considers the uses and limitations for purposes of computing the actual rental income and uses the same capitalization rate that the chief appraiser uses to appraise other rent-restricted properties. If the housing unit subject to an eligible land use restriction sells, the chief appraiser may not appraise the housing unit in a tax year for an amount that exceeds the price for which the housing unit sold. Eligible land use restriction includes an agreement or deed restriction that is recorded in the real property records, has a term of at least 40 years, restricts the price for which the housing unit may be sold that is equal or less than the unit's market value and restricts the unit's sale to a family meeting income-eligibility standards.

The local-option exemption granted by a taxing unit to a community trust corporation remains in effect until the taxing unit rescinds the exemption. If the exemption terminates during a tax year, the taxes are *not* prorated if the housing unit is sold to a family meeting the income-eligibility standards, the organization retains title to the land and the organization is designated a community land trust by the city or county. Under the Local Government Code, a community land trust is organized as a non-profit, a limited partnership of which a nonprofit corporation controls 100% of the general partner interest or a limited liability company for which a nonprofit corporation serves as the only member.

Proposed Effective: 9/1/2019.

Status: **SB 335 reported from House Ways & Means 5/14/19 and set on House General Calendar 5/21/19.**

~~FRANCHISE TAX CREDIT APPLIED FOR INVENTORY PROPERTY TAXES PAID; RETAIL INVENTORY APPRAISED BASED ON PAST YEAR'S AVERAGE MONTHLY SALES~~

SB 410, SB 412 Hughes; related SB 1143 Hughes

~~SB 410, SB 412 add Chapter 171, Subchapter N
SB 1143 adds 23.1244 and amends 23.12; adds Chapter 171, Subchapter N~~

~~SB 410, along with SB 412, provides for a franchise tax credit for property taxes paid by a taxable entity on inventory held for retail sale. SB 410 excludes a dealer's motor vehicle inventory, a dealer's heavy equipment inventory, a dealer's boats and motor inventory or retail manufactured housing inventory. The credit is based on the taxable value of qualified inventory owned by the entity and located in Texas. Any remaining credit may carry forward to the next reporting period for up to three consecutive reports. The burden of establishing eligibility for and the value of the credit is on the qualified entity.~~

~~SB 412 determines the amount of tax credit based on the total annual sales, divided by 12. See SB 411 (next bill) about the phase in of the appraisal of inventory held for retail sales.~~

~~SB 1143 also adds a retailer's retail inventory to the special inventory appraisal process, similar to that used for motor vehicle dealer's inventory. The inventory's January 1 market value is the total annual sales, less sales at wholesale and sales to retailers, for the preceding tax year 12 month period, divided by 12. Retail inventory is all tangible personal property that the retailer holds for sale during a 12 month period and which is not tax exempt. The chief appraiser shall estimate the retailer's inventory market value if not a retailer on January 1. The Comptroller develops an annual declaration form to be filed by the retailer by April 15 annually, or within 30 days of business commencement. There is no prepayment of VIT taxes to the county tax assessor-collector. If the retailer sells predominately to other retailers, the chief appraiser appraises that retailer using the regular inventory process. SB 1143 also adds the same franchise tax credit set out in SB 410 and SB 412.~~

~~Proposed Effective: 1/1/2020.~~

Status: SB 410 referred to Senate Finance 2/14/19. SB 412 left pending in Senate Finance 4/15/19. SB 1143 left pending in Senate Finance 4/15/19.

~~INVENTORY HELD FOR RETAIL SALE APPRAISED AT MONTHLY AVERAGE OF PRECEDING TAX YEAR, WITH 10 YEAR PHASE IN~~

SB 411 Hughes

~~Adds 23.1244; amends 23.12~~

~~SB 411 adds retail inventory held for sale to the special inventory appraisal process. Retail inventory is all tangible personal property that the retailer holds for sale during a 12 month period and which is not tax exempt. Sales price of the inventory is what the retailer paid for the purchase of the inventory. The inventory's market value on January 1 is the total annual sales, less sales at wholesale and sales to retailers, for the preceding tax year 12 month period, divided by 12. For the nine year period of January 1, 2020 to December 31, 2028, the market value is the greater of the average monthly sales from the preceding year or the following percentages, based on the regular inventory appraisal under Section 23.12: 90% for 2020, 80% for 2021, 70% for 2022, 60% for 2023, 50% for 2024, 40% for 2025, 30% for 2026, 20% for 2027, 10% for 2028. The chief appraiser shall estimate the retailer's inventory market value if not a retailer on January 1. The Comptroller develops a declaration form to be filed by the retailer by April 15 annually, or within 30 days of business commencement. The chief appraiser may examine the books and records of the retailer, with 15 days written notice to the retailer. There is no pre payment of inventory taxes to the county tax assessor-collector. The inventory excludes a dealer's motor vehicle inventory, a dealer's heavy equipment inventory, a dealer's boats and motor inventory or retail manufactured housing inventory. Current law provides that these types of inventory are based on this monthly average process.~~

~~Proposed Effective: 1/1/2020.~~

Status: SB 411 referred to Senate Property Tax Committee 2/14/19.

HOMESTEAD VALUE LIMITATION FOR REPLACEMENT STRUCTURE IN PLACE OF ONE RENDERED UNINHABITABLE REVISED FOR QUALIFIED DISASTER PROGRAM

SB 812 Lucio

Amends 23.23

SB 812 redefines “disaster recovery program” to mean a program administered by the General Land Office or by a political subdivision of this state that is funded with community development block grant disaster recovery money authorized by federal law. It removes the language to a specific federal program. This definition is used for the replacement structure for one that is rendered uninhabitable by a casualty or by wind or water damage. The change applies to the appraisal of a residence homestead for a tax year that begins on or after January 1, 2019.

Effective: 5/7/2019, immediately on Governor’s signature.

NEW LAW: SB 812 signed by Governor 5/7/19.

~~APPRAISAL OF RESTRICTED HOUSING UNIT FROM COMMUNITY LAND TRUST MAY NOT EXCEED SALES PRICE~~

~~**SB 836 Miles**~~

~~Amends 23.21~~

~~SB 836 addresses the appraisal of a housing unit that the owner or predecessor of the owner acquired from a community land trust. If the sale of the housing unit is subject to an eligible land use restriction, the chief appraiser may not appraise the housing unit in a tax year above the price for which the unit sold under that restriction. Eligible land use restriction is defined as an agreement or restrictive covenant to a housing unit that is recorded in the county deed records, has a term of at least 40 years, restricts the sales price that is or may be less than the unit’s market value and restricts the unit’s sale to a family meeting income eligibility standards.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 836 referred to Senate Property Tax 3/1/19.**~~

APPRAISAL OF NONEXEMPT LOW-INCOME HOUSING HAS ADDITIONAL REQUIREMENTS

SB 1830 Alvarado; HB 2993 Geren

Amends 1.07, 23.215

HB 2993 revises the provision for the appraisal of nonexempt property used for low-income or moderate-income housing. The property that is financed under the lower income housing tax credit program and is subject to a land use restriction agreement that has not expired or been terminated. In appraising the property under construction or has not reached stabilized occupancy on January 1, the chief appraiser shall estimate the property’s gross income potential and operating expenses based on the property’s projected income and expenses for the first full year of operation as established in the underwriting report by the Texas Department of Housing and Community Affairs. If under construction, the projections shall be adjusted by multiplying the amounts by a fraction, the denominator is the total construction budget and the numerator is the total spent in construction as of January 1. In the next year, in which construction is completed and occupancy stabilized, the appraise value follows Section 11.1825. In the years following, the chief appraiser adjusts the appraised value by the percentage change in net income in the preceding year. For the 2020 tax year, construction completed January 1, 2019, the chief appraiser determines the value by adjusting the average appraised value for the preceding three-year period in percentage change in net income in the 2019 year compared to 2018 year. If the property is sold and no longer subject to land use restriction, the property is no longer eligible for special appraisal and an additional tax is imposed. The additional tax is based on the difference of taxes between the taxes imposed for each of the three years preceding the year in which the property is sold and the taxes that would have been imposed had the property been appraised in each of those years at the lesser of the property’s sales price or the sales price adjusted for change in net income for the applicable year. A tax lien attaches on the date the property sold for the additional tax. The chief appraiser sends a notice sent by certified mail if the property is no longer eligible for special appraisal. The owner may not allege unequal appraisal on the grounds that the value is greater than the median appraised value or be used as a comparable property

for determining another property's unequally appraised value. By May 1, the property owner provides the appraisal district with information. The chief appraiser may extend the deadline for good cause.

Proposed Effective: 1/1/2020.

Status: ~~SB 1830 left pending in Senate Property Tax 4/23/19. HB 2993 referred to Senate Property Tax 5/10/19.~~

~~GOVERNING BODY ADOPTS OPTIONAL HOMESTEAD LIMITATION FOR RESIDENCES IN LOW INCOME AREA~~

~~**SB 1791, SJR 58 Zaffirini**~~

~~Adds 23.231 and amends 1.12, 42.26; amends Education Code 44.004; amends Government Code 403.302; adds Tex. Const. Art. 8, Section (i 1)~~

~~SB 1791 and SJR 58 constitutional amendment allow for a taxing unit's governing body to adopt a homestead limitation for residences located in a qualifying census tract in which the median family income is less than 60% of the area or the poverty rate is at least 25%. The appraisal office may increase the appraised value for the homeowner in the census tract by an amount not to exceed the lesser of the home's market value or the sum of the greater of the following amounts: (1) the percentage specified by the governing body or the amount computed by averaging the percentage increase in the unadjusted median value of the sales price of existing homes in each of the counties for the preceding year as calculated by the U. S. Department of Housing and Urban Development, plus (2) the homestead's appraised value in the preceding year plus (3) the market value of any new improvements. The taxing unit's governing body may amend or repeal the limitation. The adoption, amendment or repeal applies beginning the tax year in which the governing body acts before July 1 or takes effect the following tax year if actions is on or after July 1. If a school district adopts the optional limitation, the school notice of budget and tax rate includes information about the limitation and the Texas Comptroller adjusts the Property Value Study for the lost value by the school district.~~

~~Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019.~~

Status: ~~SB 1791, SJR 58 referred to Senate Property Tax 3/18/19.~~

~~BOAT DOCKS AND PIERS LOCATED IN TWO COUNTIES TAXED BASED ON LAND LOCATION~~

~~**SB 1937 Hinojosa**~~

~~Adds 21.11~~

~~SB 1937 applies to property that is located on submerged land of one county and the mainland of another county. A dock and tangible personal property permanently located on the dock are taxable by the county that taxes the mainland that substantially supports the dock. A dock extends not further than 30 feet from the mainland. A pier and tangible personal property permanently located on the pier are taxable by the county that taxes the submerged land that substantially supports the pier. A pier extends more than 30 feet from the mainland.~~

~~Proposed Effective: 1/1/2020, for taxes imposed on or thereafter that date.~~

Status: ~~SB 1937 referred to Senate Property Tax 3/19/19.~~

Exemptions

~~HOMESTEAD EXEMPTION REVISED FOR SURVIVING SPOUSE OF ARMED SERVICES MEMBER KILLED IN LINE OF DUTY TO INCLUDE FATAL INJURY~~

~~**SB 196, SJR 47 Campbell**~~

~~Amends 11.133, 11.431; amends Tex. Const. Art. 8, Sec. 1 b(m)~~

~~SB 196 and SJR 47 constitutional provision revise the 100% homestead exemption for the surviving spouse of a member of the armed services who is killed in action to read a member who is killed or fatally injured in the line of duty. The provision applies to a tax year 2020 and thereafter.~~

~~Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019.~~

Status: ~~SB 196, SJR 47 reported from House Ways & Means 5/15/19.~~

PROPERTY EXEMPTED IF LEASED TO CERTAIN CHARTER SCHOOLS

HB 388 Murphy; SB 2345, SJR 74 Creighton

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

Substitute HB 388 exempts property leased to an open-enrollment 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. ~~Substitute SB 2345 adds that the property lease is for a portion of the real property.~~ If the lease agreement requires the school to pay the taxes on the portion of the total consideration, the owner will reduce the total consideration by the property tax reduction by providing a monthly or annual credit. If the lease requires the school to pay the taxes directly to the tax collector separate from the rent payment to the owner, the school is no longer required to pay the taxes to the collector, owner or property manager. The owner provides a disclosure statement on the amount of the taxes reduced by the exemption and the method the owner will implement to ensure reducing the total consideration. The change may not be construed as invalidating an exemption from taxation of real property granted to an open-enrollment changer school on the basis of Education Code Section 12.128 before January 1, 2020.

Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019.

Status: Substitute HB 388 left pending in Senate Property Tax 5/16/19. ~~Substitute SB 2345, SJR 74 set on Senate Calendar 5/17/19.~~

TAXING UNIT MAY GRANT LOCAL OPTION DISASTER EXEMPTION OR STATE MANDATES THE EXEMPTION

HB 492, HJR 34 Shine; SB 1322, SJR 49 Taylor; similar SB 1772, SJR 57 Bettencourt

Adds 11.35; amends 11.42, 11.43, 11.45, 26.012, 41.03, 41.41, 41.44; repeals 26.02; Government Coe 403.302; amends Tex. Const. Art. 8, Sec. 2

These bills add a temporary exemption for qualified property damaged by a disaster, if Texas voters pass the constitutional amendment. HB 492 provides for an optional exemption at the decision of the taxing unit's governing body, while SB 1772 is a mandatory exemption that must be granted. The exemption expires on the qualified property on January 1 of the first tax year in which the property is reappraised

under Tax Code Section 25.18. The Section 26.02 provision for requesting a disaster reappraisal by a taxing unit is repealed.

HB 492 provides that the taxing unit's governing body adopts the temporary exemption. The governing body specifies the disaster and must adopt no later than 60 days after the Governor declares a disaster area in which the taxing unit has territory. The governing body has seven days to notify the chief appraiser, tax assessor-collector and Comptroller. The person applies for the exemption within 45 days of the governing body adopting the exemption, and the chief appraiser may extend the deadline for good cause. Substitute HB 492 also adds a manufactured home used as a dwelling.

SB 1772 provides for the mandatory temporary exemption. A person must apply for the exemption within 105 days of the Governor declaring the area in which the person's qualified property is located to be a disaster rea. The chief appraiser may extend the deadline for good cause.

Qualified property in the disaster area includes tangible personal property used to produce income and an improvement to real property that have at least 15% damage, as determined by the chief appraiser. The tangible personal property is part of a rendition statement or report required by Section 22.01 for taxable situs in the disaster area. The owner is entitled to a partial exemption, based on the percentage of damage.

On receipt of an application for the exemption, the chief appraiser shall determine the qualified property and assign a damage assessment rating of Level 1 through Level 4, based on the Federal Emergency Management Agency. SB 1772 also includes the county emergency management authority or any other source the chief appraiser considers appropriate. Level 1 exemption is 15%, which is minimal damage of at least 15% to less than 30%. Level II exemption is 30%, which is damage of at least 30% to less than 60%, including nonstructural damage and a waterline of less than 18 inches above the floor. Level III exemption is 60%, which is damage of at least 60% but is not a total loss, including significant structural damage and a waterline of at least 18 inches above the floor. Level

IV is a 100% exemption, which is a total loss, meaning repair is not feasible. If the property qualifies after the first of the tax year, the exemption is prorated, based on the number of days remaining after the Governor declared the disaster divided by 365 days. The tax assessor sends a tax bill with the exemption or a corrected bill if tax bills have been mailed. If taxes have been paid, the tax collector sends a refund, but no interest is due on the amount refunded.

The chief appraiser delivers a written notice to the owner about the approval, denial or modification for the exemption, stating the damage assessment rating assigned and including procedures for protesting the determination. A person may protest to the ARB, but a taxing unit may not challenge to the ARB the granting of this exemption. The person may appeal the to the ARB no later than 30 days after the owner receives the chief appraiser's notice.

This temporary exemption is not considered in calculating the "lost property levy" in the effective and rollback tax rates. The Comptroller adjusts a school district's taxable value finding to include this exemption.

SB 1772 Senate Committee Substitute for HJR 34 changes to be the same as SJR 57. The Legislature prescribes the authorized exemption and removes the provision that the exemption is adopted by the governing body of the political subdivision.

Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019. The exemption applies to a tax year that begins on or after this effective date.

Status: Substitute HB 492 referred to Senate Property Tax 4/24/19. HJR 34 as substituted reported from Senate Property Tax 5/17/19, passed Senate 5/19/19 and returns to House to concur. Substitute SB 1322, SJR 49 left pending in Senate Property Tax Committee 3/19/19. SB 1772 set on House General Calendar 5/21/19. SJR 57 left pending in House Ways & Means 5/1/19.

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

HB 634 Buckley, SB 283 Buckingham

Amends Local Government Code 140.011

HB 634 revises which local governments may apply for state aid for being disproportionately affected by disabled veterans' exemptions and the resulting revenue loss. HB 634 adds to the local governments 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. Substitute HB 634 also includes a municipality adjacent to or with extraterritorial jurisdiction located within two miles of the boundary line of a U.S. military installation.

Proposed Effective: 9/1/2019.

Status: Substitute HB 634 referred to Senate Property Tax 5/10/19. ~~SB 283 referred to Senate Finance 2/7/19.~~

TAXING UNIT MAY EXTEND HISTORIC SITE EXEMPTION TO OTHER IMPROVEMENT LOCATED BY AN HISTORIC SITE

HB 827 Rose

Amends 11.24

HB 827 provides that a taxing unit may extend the historic site exemption to all or part of an improvement that is economically or physically necessary to support the continued use or existence of a structure or archeological site receiving the historic site exemption. The added improvement and the land necessary to access and use it may be granted the exemption if it is located on the same or adjacent parcel as the historic structure or archeological site and is constructed in a manner that is consistent with the architectural integrity of the structure or site.

Proposed Effective: 1/1/2020.

Status: HB 827 referred to Senate Property Tax 5/10/19.

VETERAN'S LAND BOARD CREATES A LAND BANK

~~**SB 1115 Lucio; similar SB 1117 Lucio; related SB 1129 West; related HB 2646 Gutierrez; SB 1918 Alvarado**~~

~~HB 2646 adds Natural Resources Code Chapter 161, Subchapter L~~

~~SB 1115 amends 11.18; adds Local Government Code Chapter 388~~

~~SB 1117 amends 11.18; adds Local Government Code Chapter 379F and amends 379E.002~~

~~SB 1129 adds Local Government Code 379C.016 and amends 379C.009, 379C.010, 379C.014~~

~~SB 1918 adds Local Government Code Chapter 379F and amends 379E.002; repeals Local Government Code Chapter 379D~~

HB 2646 provides that the Texas Veteran's Land Board establishes a veterans' land bank program with many of the items listed above. The Veterans' land bank program is eligible for property tax exemption under Tax Code Section 11.18.

~~SB 1115 provides that the county may adopt a land bank program for acquiring, holding and transferring unimproved real property for affordable housing. SB 1115 also includes developing the real property. The officer charged with selling tax foreclosed property may sell certain eligible real property by private sale to a county land bank program. Eligible property includes property with a market value less than the total amount due for the tax judgement, including all taxes, penalties, interest, nontax liens, court cost and tax sale cost; has delinquent taxes for a total of at least five years; and the county and the other taxing units have agreed by interlocal agreement to participate in the land bank program. Substitute SB 1115 also adds that the property is not improved with a habitable building or an uninhabitable building occupied as a residence by the owner or tenant who is legally entitled to occupy the building. A taxing unit does retain the right to withhold consent to the sale of a specific property. A sale to the land bank is considered a sale for a public purpose. If the owner sued for foreclosure does not contest the market value, the person waives the right to challenge it. Each person who was a defendant to the judgement is given written notice at least 90 days before the sale. The owner may file with the officer that the property not be sold to the land bank program. The officer then~~

~~sells the property as provided by Section 34.01. If sold to the land bank, the owner may not receive any proceeds from the sale, and the owner does not have any personal liability for a deficiency of the judgment as a result of the sale to the land bank. The deed of conveyance conveys to the land bank the right, title and interest acquired or held by each taxing unit, subject to the right of redemption. SB 1115 sets out within a five year period, and, if not purchased or developed in that time, the property is transferred to the taxing units from the original judgement. SB 1115 also addresses right of first refusal as well as deed restrictions for low to moderate income housing. A county may not establish the program in a municipality that operates an urban land bank. The land bank program of the county is eligible for property tax exemption under Tax Code Section 11.18. Substitute SB 1115 also changes the percentages of properties that are deed restricted for sale to households with income at changing percentage of the area median family income.~~

~~SB 1117 provides that a city that currently does not provide for a land bank program may do so. This bill follows many of the same requirements as SB 1115. Substitute SB 1117 updates current provisions of Chapter 379 rather than a new Subchapter F to Chapter 379. It adds taxpayer protections by preventing acquiring legally occupied homes by a land bank and updates income targeting for homeowner and rental housing development on land bank property.~~

~~SB 1918 sets out a city land bank program for a city with a population of two million or more. All real property held by the land bank is tax exempt. The land bank may submit a written bid to acquire real property at a tax sale. The bid must be in an amount not less than the amount owed and submitted in writing in advance of the action or tendered in person at the auction. If the land bank's bid is the highest bid, the land bank shall pay in cash the amount of the costs and expenses, and any penalties or remit payment of the amount to the selling officer by check or electronic funds not later than the seventh day after the auction date. A taxing unit that is a party to the judgment may request that the selling officer bid off the property to the taxing unit and, if the request is granted, the transfer to the taxing unit prevails over the land bank bid if that is the only sufficient bid. A land bank may~~

request that a taxing unit commence tax foreclosure proceedings for delinquent taxes on an account. A sale to the land bank is not a sale to a taxing unit. The property owner may redeem the property sold to the land bank.

~~SB 1129 addresses current land bank programs to require that the land bank sell a property to a developer within an eight year period (current law is four years). It also changes the deed restrictions to remove the rental requirements by household income. Substitute SB 1129 adds that the 15 year deed restriction requires that a decreasing percentage of the rental units be occupied by households with income no greater than a decreasing percentage of the median family income. An interlocal agreement may provide that, for the first five calendar years after completing the property development, 50% of the property taxes collected on the property must be deposited to the credit of the land bank for the program's use.~~
Proposed Effective: 9/1/2019.

Status: Substitute HB 2646 passed House 5/7/19 and received in Senate 5/8/19. Substitute SB 1115 set on Senate Calendar 4/17/19. Substitute SB 1117 referred to House Urban Affairs 4/24/19. Substitute SB 1129 referred to House Urban Affairs 5/1/19. Substitute SB 1918 referred to House Urban Affairs 5/1/19.

~~DISABLED HOMEOWNER'S SCHOOL TAX LIMITATION EXTENDED TO SURVIVING SPOUSE 55 OR OLDER~~

~~**SB 2101, SJR 67 Birdwell**~~

~~Amends 11.26; amends Tex. Const. Art. 8, Sec. 1 b(d)~~

~~SB 2101 and SJR 67 constitutional amendment provide that the disabled homeowner's school tax limitation extends to the owner's surviving spouse who is at least 55 years of age or older at the homeowner's time of death. The school limitation stays on the homestead if the individual who is disabled dies on or after January 1, 2013. The limitation is calculated as if the surviving spouse was entitled to the limitation when the individual died (between January 1, 2013 but before January 1, 2020). Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019.~~

~~**Status: SB 2101, SJR 67 reported from House Ways & Means 5/15/19.**~~

~~LIMITATION SET ON SCHOOL TAXES ON CERTAIN HOMESTEADS~~

~~**SB 484, SJR 33 Menendez**~~

~~Adds 11.262; amends 23.19, 26.012; amends Education Code 44.004; amends Government Code 403.302; adds Tex. Const. Art. 8, Sec. 1 b 1~~

~~SB 484 and SJR 33 constitutional amendment establish a school tax limitation on certain homesteads following substantial tax increase. If a homeowner qualified the residence homestead for exemption for at least 15 consecutive tax years and the total amount of school taxes in the 15th year is at least 120% greater than the school taxes imposed in the first year (not including taxes on the appraised value of all improvements made during that period), the school district may not imposed school taxes in the subsequent year that exceeds the least of (1) the amount calculated for the current tax year or (2) the amount of school taxes imposed for the 15th year or (3) the amount of school taxes as limited under Section 11.26 (the school tax limitation for over 65 or disabled homeowners). The limitation is not available for any tax year before 2006 tax year. The surviving spouse of the homeowner may continue to receive the limitation on the homestead if the homestead was and remains the surviving spouse's homestead. Adding an improvement increases the tax limitation for the taxes on the improvement. The chief appraiser certifies the lost taxable value for the limitation to the Comptroller.~~

~~Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019.~~

~~**Status: SB 484 and SJR 33 referred to Senate Property Tax 2/14/19.**~~

~~CHARITABLE ORGANIZATION EXEMPTION ADDED FOR MEETING PLACE AND SUPPORT SERVICES FOR ALCOHOLICS~~

~~**SB 717 Lucio**~~

~~Amends 11.18~~

~~SB 717 adds to the list of charitable functions to include providing a meeting place and support services for organizations that aid alcoholics and their families without regard to the ability to pay. Proposed Effective: 1/1/2020.~~

~~**Status: SB 717 left pending in Senate Property Tax 3/26/19.**~~

NURSERY STOCK WEATHER PROTECTION UNIT IS EXEMPT AS IMPLEMENT OF HUSBANDRY

HB 1526 Bell

Amends 11.161

HB 1526 adds that a nursery stock protection unit, as defined by Agriculture Code Section 71.041, is considered an implement of husbandry to be exempt from property taxes. These units are currently exempt since the Section 71.041 definition states that the unit is an implement of husbandry for Tex. Const. Article 8, Section 19a. This bill provides the language to connect Section 11.161 to the Agriculture Code.

Proposed Effective: 1/1/2020.

Status: HB 1526 passed Senate 5/19/19 and will go to the Governor.

PUBLIC FACILITY CORPORATION RECEIVES TAX EXEMPT STATUS ON CERTAIN MULTIFAMILY RESIDENTIAL DEVELOPMENT

SB 1861 Menendez

Amends Local Government Code 303.021, 303.042

SB 1861 provides that the exemption for a leasehold in a public facility corporation's property applies to the corporation's multifamily residential development if it meets Local Government Code Section 303.042 requirements or accomplishes a sponsor's governmental purpose. The sponsor of the corporation is considered the user of the public facility.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: SB 1861 set on House Calendar 5/20/19.

ELIGIBLE HOMEOWNER MAY RECEIVE BOTH OVER-65 AND DISABLED EXEMPTIONS BY DIFFERENT TAXING UNITS

HB 2441 Wray

Amends 11.13

HB 2441 adds that an eligible disabled person who is also 65 or older may receive both a disabled and an elderly residence homestead exemption in the same year if the person receives the exemptions with respect to taxes levied by different taxing units. This clarifies current law that a disabled person who is also 65 years old may not receive both types of

exemptions from the same taxing unit in the same year, if that taxing unit adopted both.

Proposed Effective: 1/1/2020.

Status: HB 2441 passed Senate 5/19/19 and will go to the Governor.

PRECIOUS METALS HELD IN COMMERCIAL DEPOSITORY EXEMPT

HB 2859, HJR 95 Capriglione; similar SB 1903, SJR 62 Fallon

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

HB 2859 and HJR 95 constitutional amendment add an exemption for precious metals that are held in the commercial depository of the state. A commercial depository is a depository that is primarily engaged in the business of providing precious metals storage services and maintains sufficient insurance to cover 100% of the deposits. No application for the exemption is required. The Comptroller may adopt rules on this new exemption. Substitute HB 2859 revises the Code citations and provides that the property receives the exemption immediately upon qualification.

Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019.

Status: Substitute HB 2859, Substitute HJR 95 reported from Senate Property Tax 5/17/19 and set on Senate Calendar 5/20/19. SB 1903, SJR 62 referred to Senate Property Tax 3/19/19.

~~MAXIMUM PERCENTAGE HOMESTEAD INCREASED TO 100%~~

~~**SB 2468, SJR 80 Creighton**~~

~~Amends 11.13; amends Tex. Const. Art. 8, Sec. 1-p~~

~~SB 2468 and SJR 80 constitutional amendment increase the maximum optional homestead exemption from 20% to 100% that a taxing unit may adopt.~~

~~Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019. No HJR filed.~~

~~**Status: SB 2468, SJR 80 referred to Senate Property Tax 3/27/19.**~~

~~SCHOOL GENERAL HOMESTEAD EXEMPTION INCREASED~~

~~**SB 5, SJR 71 Bettencourt**~~

~~Amends 11.13, 11.26; adds Education Code 41.0012 and amends 42.2518, 42.252, 42.302, 46.003, 46.032, 46.071; amends Tex. Const. Art. 8, Sec. 1 b~~

~~SB 5 and SJR 71 constitutional amendment increase the current \$25,000 school general homestead exemption to \$30,000. Homeowners with tax limitations have their limitations adjusted down for the increase in the tax exemption. The same provisions as HB 4352 apply to the school district's funding adjustments; however, changes by SB 5 to the Tax Code apply to the 2020 tax year. The state's cost for the additional exemption amount would come from the state's Economic Stabilization (Rainy Day) Fund.~~

~~Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019.~~

~~**Status: SB 5, SJR 71 left pending in Senate Property Tax 3/26/19.**~~

~~LEASED MOTOR VEHICLES NOT USED TO PRODUCE INCOME EXPANDED FOR OTHER LESSEES~~

~~**SB 58 Zaffirini**~~

~~Amends 11.252~~

~~SB 58 expands the exemption for motor vehicles leased for personal use to motor vehicles leased for use "other than production of income." The current exemption is for leased motor vehicles that are used for 50% or more miles for non-income producing purposes. This exemption would include the following leased vehicles: leased to the state or to a political subdivision or leased to a non-profit 501(c)(3) organization that uses the vehicle exclusively for religious, educational or charitable purposes and would be an exempt vehicle if owned by the organization. The Comptroller revises the form filed by a motor vehicle lessee for these changes. Substitute SB 58 removed redundant language. The House Committee Substitute SB 58 adds to the form that the vehicle owner is required to have available for the chief appraiser's inspection or copying, including an electronic image of the Comptroller completed form or a certified copy of the form.~~

~~Proposed Effective: 9/1/2019.~~

Status: Substitute SB 58 reported as substituted from House Ways & Means 5/14/19 and set on House Local Calendar 5/22/19.

~~LIST OF FIRST RESPONDERS EXPANDED FOR SURVIVING SPOUSE TO RECEIVE TOTAL HOMESTEAD EXEMPTION~~

~~**SB 129 Hinojosa**~~

~~Amends 11.134~~

~~Substitute SB 129 adds to the list of who is a first responder killed or fatally injured whose surviving spouse receives a total homestead exemption, if the spouse has not remarried since the death of the first responder. Those responders added to the list include Special Agents of the U.S. Immigration and Customs Enforcement; a Customs and Border Protection Officer or Border Patrol Agent; and an immigration enforcement agent or deportation officer of the Department of Homeland Security. For those added, the unmarried surviving spouse was a resident of the state at the time of the first responder's death.~~

~~Proposed Effective: 1/1/2020, for a tax year beginning on or after that date.~~

~~**Status: Substitute SB 129 reported from House Ways & Means 5/10/19.**~~

~~RESIDENCE HOMESTEAD EXEMPTION MAY EXTEND UP TO FIVE YEARS FOR HOMESTEAD UNINHABITABLE IN AREA GOVERNOR DECLARED DISASTER~~

~~**SB 443 Hancock; SB 540 Kolkhurst**~~

~~Amends 11.135~~

~~SB 443 provides that a homeowner may receive the homestead exemptions for no more than five years on a home rendered uninhabitable or unusable as a result of a disaster in an area the Governor has declared a disaster. The deadline for active construction is to be within five years of the disaster. For any other disaster, the homeowner receives the homestead exemptions for no more than two years on the uninhabitable home. Current law provides that the homeowner receives the exemption for two years if active construction or preparation work started within one year of the disaster and the homeowner does not establish a different principal residence.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.~~

Status: SB 443 passed House 5/17/19 and will go to the Governor. SB 540 left pending in Senate Property Tax Committee 3/19/19.

~~LOW INCOME HOUSING EXEMPTION EXTENDED TO 10 YEARS FROM ACQUISITION~~
SB 547 Watson
Amends 11.181

~~SB 547 extends the property tax exemption for a charitable organization providing low-income housing for 10 years from the anniversary date the transferring organization acquired the property. Current law is for five years.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.~~

~~**Status: SB 547 referred to Senate Property Tax 2/21/19.**~~

~~LEASEHOLD IN TEXAMERICAS CENTER GRANTED PROPERTY TAX EXEMPTION~~
SB 579 Hughes
Adds Special District Local Laws Code 3503.1541

~~SB 579 sets out that a leasehold or other possessory interest granted to a person by the authority or nonprofit corporation holding title for property owned by the TexAmericas Center (in Bowie County) and held for a public purpose is exempt from taxation under Section 11.11. Section 25.07 does not apply as a taxable leasehold.~~

~~Proposed Effective: 1/1/2020.~~

~~**Status: SB 579 passed House 5/15/19 and sent to Governor 5/17/19.**~~

~~INTERGOVERNMENTAL DEVELOPMENT CORPORATION EXEMPT FROM PROPERTY TAXES AND TAXABLE LEASEHOLDS~~
SB 920 West
Adds Local Government Code Chapter 396

~~SB 920 provides that a county with a population of 800,000 or more that is adjacent to a county with a population of more than 600,000 may establish an intergovernmental development corporation to foster minority or women owned construction businesses. For this type of corporation, Section 25.07 does not apply to a leasehold or other possessory interest granted by the corporation. Property owned by the~~

~~corporation is exempt from taxation under Section 11.11.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.~~

~~**Status: SB 920 referred to Senate Business & Commerce 3/1/19.**~~

~~CERTAIN PERSONAL PROPERTY MAY BE EXEMPT IF LOCATED IN TEXAS FOR A ONE-YEAR TEMPORARY PERIOD~~
SB 1005, SJR 43 Bettencourt
Amends 11.251

~~SB 1005 and its constitutional amendment would change the 175 days to 365 days for a temporary period for certain tangible personal property that may be located in Texas and qualify for tax exemption.~~

~~Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019.~~

~~**Status: SB 1005, SJR 43 left pending in Senate Property Tax 3/26/19.**~~

~~EXEMPTION VALUE FOR INCOME-PRODUCING PERSONAL PROPERTY INCREASED TO \$2,500~~
SB 1006 Bettencourt
Amends 11.145

~~SB 1006 increases the value of income-producing tangible personal property that is exempt from taxation from \$500 to \$2,500.~~

~~Proposed Effective: 1/1/2020.~~

~~**Status: SB 1006 reported from House Ways & Means 5/7/19.**~~

~~MAXIMUM PENALTY SET FOR LATE EXEMPTION APPLICATION OR VALUE ALLOCATION~~
SB 1013 Hughes
Amends 11.4391, 21.10

~~SB 1013 addresses the calculation of the penalty for late applications for exemptions and allocation of value. The maximum penalty is 10% of the tax imposed with the exemption or with the allocation of value. Substitute SB 1013 added a \$5,000 penalty floor with the 10% penalty on a late filed freeport exemptions or allocation of value applications, but Substitute SB 1013 was withdrawn for the filed~~

~~version. The House Substitute SB 1013, however, added the \$5,000 penalty floor to SB 1013.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 1013 reported as substituted from House Ways & Means 5/13/19.**~~

~~LOCAL OPTION PERCENTAGE HOMESTEAD EXEMPTION CHANGED FOR MINIMUM DOLLAR AMOUNT~~

~~**SB 1072, SJR 44 Watson; SB 2362, SJR 73 West**
Amends 11.13; amends Tex. Const. Art. 8, Sec. 1-b~~

~~These bills and constitutional amendment provide that a local taxing unit may adopt a larger dollar amount, not to exceed \$25,000, for the minimum amount that a homeowner may receive with the percentage homestead exemption. Current law for the 20% homestead exemption sets the minimum amount for a homestead at \$5,000.~~

~~SB 2362 increases the 20% homestead exemption to a maximum 30% exemption in Section 11.13 but does not address the percentage change in the Texas Constitution.~~

~~Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019.~~

~~**Status: SB 1072, SJR 44 referred to Senate Finance 3/7/19. SB 2362, SJR 73 left pending in Senate Property Tax 4/23/19.**~~

~~COMPTROLLER DIRECTED TO REPORT ON CIRCUIT BREAKER PROGRAM FOR HOMEOWNERS~~

~~**SB 1079 Watson**~~

~~No citation~~

~~SB 1029 directs the Comptroller to conduct a study of circuit breaker programs as a means of expanding and protecting homesteads, as defined in Tax Code Section 11.13. A circuit breaker program limits the amount of taxes imposed on a residence homestead, based on the owner's annual income. The Comptroller may appoint an advisory committee, including representatives from school districts, taxing units, homebuilders, real estate agents, mortgage lenders, financial agencies and organizations providing low or moderate income housing. The Comptroller may contract with appraisal districts for assistance and information. The report is due December 1, 2020 to the Governor and Legislature.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 1079 referred to Senate Property Tax 3/7/2019.**~~

~~DPS IS CHANGED TO DMV FOR DRIVER'S LICENSE USED IN APPLYING FOR HOMESTEAD EXEMPTION~~

~~**SB 1237 Hall; HB 11 Thompson**~~

~~Amends 11.43 and many other Codes~~

~~Substitute HB 11 changes the name in Section 11.43 from the Texas Department of Public Safety (DPS) to the Texas Department of Motor Vehicles. Effective January 1, 2021, the powers and duties of the DPS for driver's licenses, personal ID cards and other duties are transferred to the DMV.~~

~~Proposed Effective: Effective immediately if two-thirds vote of both houses; otherwise, 9/1/2019.~~

~~**Status: SB 1237 referred to Senate Transportation 3/7/19. Substitute HB 11, with 4 House floor amendments, referred to Senate Transportation 4/24/19.**~~

~~SCHOOL HOMESTEAD EXEMPTION INCREASED AND TIED TO INFLATION~~

~~**SB 1391, SJR 50 Menendez**~~

~~Amends 11.13, 11.26; adds Education Code 41.0011, 42.2512, 46.101; amends Government Code 403.302; amends Tex. Const. Art. 8, Sec. 1-b~~

~~SB 1391 and SJR 50 constitutional amendment increase the current \$15,000 school homestead exemption to \$50,000 for tax year 2020. By March 15 of each subsequent year, the Comptroller shall determine the exemption amount by multiplying the exemption for the preceding tax year times the residence homestead inflation rate, and adding that product to the preceding year's exemption amount. The residence homestead inflation rate is based on the percentage of change in the median market value of residence homesteads in the state for the preceding calendar year in comparison to the current calendar year. The Comptroller shall publish the exemption amount in the Texas Register. The tax limitation for the over 65 and disabled homeowners are adjusted for the increased exemption amount. The Comptroller's Property Value Study and state funding to school districts are adjusted for the additional exemption amount.~~

~~Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019.~~

~~Status: SB 1391, SJR 50 referred to Senate Property Tax 3/14/19.~~

~~LEASEHOLD INTEREST IN CERTAIN CITY PROPERTY MAY BE TAXABLE OR EXEMPT BY OTHER TAXING UNITS~~

~~**SB 1771 Bettencourt**~~

~~Amends 25.07~~

~~SB 1771 provides that a taxing unit may tax a leasehold or other possessory interest in real property owned by a city and used as provided by Section 25.07(b)(4)(B), unless the taxing unit's governing body approves the exemption of the possessory interest by official action. The city does grant the exemption to the leasehold interest. Section 25.07(b)(4)(B) applies to the leasehold or other possessory interest in a convention center, visitor center, sports facility, concert hall, arena or stadium that is owned by a city. Substitute SB 1771 provides that this does not apply to any property that was voter approved.~~

~~Proposed Effective: 1/1/2020.~~

~~Status: Substitute SB 1771 set on Senate Calendar 5/17/19.~~

COMPTROLLER PUBLISHES PAMPHLET ON HOMESTEAD EXEMPTIONS AND PROCESS, INCLUDING FOR HEIR PROPERTY

SB 1943 Watson

Adds 11.49 and amends 1.04, 5.061, 11.26, 11.261, 11.41, 11.43, 33.06, 33.065

SB 1943 requires the Comptroller to publish a pamphlet to assist property owners in applying for homestead exemptions and include a list of the residence homestead exemptions that may be available to an owner, the process for applying, necessary documents to submit with the application, a list of organizations able to provide free legal assistance and a general description of the process by which an owner records the owner's interest in heir property in the county deed records. "Heir property" and "heir property owner" are new definitions to Tax Code Chapter 1 and mean real property owned by one or more individuals, at least one of whom claims the property as the individual's homestead and acquired by the owner or owners by will, transfer of death deed

or intestacy, regardless of whether the interest are recorded in the county's real property records. An heir property owner who qualifies heir property as the owner's residence homestead is considered the sole owner of the property for the tax limitation provisions. With the exemption application, the heir property owner shall include an affidavit establishing ownership, a copy of the death certificate of the prior owner, a copy of the most recent utility bill for the property and a citation of any court record related to the applicant's ownership of the property, if available. The grant or denial of a homestead exemption does not affect the legal title of the property and does not operate to transfer property title. The appraisal district, chief appraiser or ARB may not be made party to a proceeding to adjudicate property ownership. The heir property owner is also considered the sole owner for tax deferral provisions. The Comptroller has the pamphlet available no later than January 1, 2020. Substitute SB 1943 will address disputes between heirs or multiple people living in the home. Senate Floor Amendment clarifies that the applicant for the exemption is an heir property owner. Proposed Effective: 9/1/2019.

Status: Substitute SB 1943, with one Senate Floor Amendment, reported from House Ways & Means 5/15/19 and set on House Local Calendar 5/22/19.

~~CERTAIN LOW INCOME HOUSING GRANTED TOTAL EXEMPTION~~

~~**SB 1961 Zaffirini**~~

~~Amends 11.1825~~

~~SB 1961 provides for an exemption of 100% (up from 50%) of the property's appraised value for low-income or moderate income housing offered by a governing body of a taxing unit located in a county with a population of at least 1.8 million.~~

~~Proposed Effective: 1/1/2020.~~

~~Status: SB 1961 referred to Senate Property Tax 3/19/19.~~

~~UNIVERSITY RESEARCH TECHNOLOGY CORPORATION GRANTED PROPERTY TAX EXEMPTION~~

~~**SB 2001, SJR 64 Alvarado**~~

~~Adds 11.232; amends 11.42, 26.113; amends Education Code Chapter 157; amends Tax Code Chapter 151 and 171; adds Tex. Const. Art. 8, Section 14~~

~~SB 2001 and SJR 64 constitutional amendment provide for the exemption of real and tangible personal property owned by or leased to a university research technology corporation. This special-purpose corporation is owned wholly or partly by a university or by a nonprofit medical center development corporation with members that are universities. The exemption also applies to the leasehold interest in real and tangible personal property leased from the corporation. The bill provides for prorating the taxes upon acquiring a property by the corporation.~~

~~Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019.~~

~~Status: SB 2001, SJR 64 referred to Senate Higher Education 3/21/19.~~

Special Valuation

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

HB 97 Rodriguez; similar SB 1963 Zaffirini

Adds 23.25211, 23.5215; amends 23.51

HB 97 adds guidelines for uncommon or different 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 and by September 1, 2020, the Texas Comptroller shall develop guidelines and may consider financial investment, degree of active management and percentage of land tract used for ag uses. Landowners could qualify for the 2021 tax year or later. 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. The House Floor Amendment to HB 97 adds three changes: (1) Adds Section 23.25211 that 20 acres or less of land that qualifies for raising or keeping bees for pollination or production of food products may not qualify for changing to wildlife management, beginning with the 2019 tax year; (2) Adds that a university must use land five of seven years to qualify for ecological laboratory appraisal; and (3) Adds the

Chair of the House Agriculture & Livestock Committee to the Comptroller's committee in developing qualified land guidelines for small-scale producers, with the change in law applying to the 2021 tax year. The second House Floor Amendment changes the bill's effective date for ecological laboratories and provides that it applies for tax year 2021 and thereafter, with exceptions. If the land qualified for use as an ecological laboratory in the 2014 to 2020 tax years, then the change in law applies to a tax year that begins on January 1, 2027. For the 2021 to 2026 tax years, the qualification of land on its use as ecological laboratory is governed by the law that existed before January 1, 2021.

Proposed Effective: 9/1/2019.

Status: HB 97, with two House Floor Amendments, referred to Senate Property Tax 5/3/19. ~~SB 1963 referred to Senate Property Tax 3/19/19.~~

INTEREST RATE AND NUMBER OF YEARS REDUCED FOR SPECIAL ROLLBACK TAX BILL

HB 1743 King

Amends 23.55, 23.76

HB 1743 reduces the number of years for a rollback tax bill for changing land to a non-agricultural use from five years to three years and lowers the interest rate imposed on a rollback tax bill from 7% to 5%.

HB 1743 also reduces the number of years for a rollback tax bill for changing timber land to a non-timber use from five years to three years and lowers the interest rate imposed on a rollback tax bill from 7% to 5%.

Proposed Effective: 9/1/2019.

Status: HB 1743 passed Senate 5/19/19 and will go to the Governor.

~~NO INTEREST ADDED TO AG OR TIMBER ROLLBACK TAX BILL, BASED ON THREE OF THE PRECEDING TAX YEARS~~

SB 894 Creighton

~~Amends 23.46, 23.47, 23.55, 23.58, 23.76, 23.9807~~

~~SB 894 removes the interest added to an agricultural rollback tax bill for land qualified under 1-d and 1-d-1 and for timberland appraisal. Current law has an annual 7% interest rate calculated for each year on the rollback bill. The rollback tax bill is reduced to only~~

~~three of the preceding tax years. Current law is for five of the preceding tax years. For a rollback tax bill that goes delinquent, penalty and interest is added. Proposed Effective: 9/1/2019, applying to rollback tax bills that occur after this date.~~

~~**Status: SB 894 reported from Senate Property Tax 4/29/19.**~~

OPEN-SPACE LAND APPRAISAL CONTINUES FOR LAND TRANSFERRED BETWEEN FAMILY MEMBERS

HB 1188 Hefner

Amends 23.54, 25.25

HB 1188 provides that land remains eligible for open-space land appraisal for agricultural and wildlife uses after an ownership change if the land transfer is from the former owner to a person related to the former owner within the second degree by marriage or three degree by blood. The relative must notify the appraisal office in writing within 180 days of the transfer. See also *Appraisal Review Board*.

Proposed Effective: 1/1/2020.

Status: HB 1188 referred to Senate Property Tax 4/15/19.

~~OLD 1-D AG ROLLBACK TAXES FOR CONDEMNATION BECOME OBLIGATION OF CONDEMNING ENTITY~~

~~**SB 555 Schwertner**~~

~~Amends 23.46~~

~~SB 555 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. Substitute SB 555 adds that the portion diverted is subject to a right-of-way that is less than 200 feet wide and was taken by condemnation by the condemning entity, but the remainder of the parcel qualifies for appraisal.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: Substitute SB 555 left pending in House Land & Resource Management 4/25/19.**~~

TIMBERLAND APPRAISAL CONTINUES FOR OTHER USES OF QUALIFIED TIMBERLAND

HB 1409 Ashby

Adds 23.765, 23.9808 and amends 23.72, 23.9802

HB 1409 adds that timberland appraisal includes a portion of the land used as a road, right-of-way, buffer area or firebreak. That portion would qualify for timberland appraisal. Land that is leased for oil and gas operations with Railroad Commission authority does not lose its eligibility for timberland appraisal on the land on which oil and gas operations are not being conducted.

Effective: 1/1/2020.

NEW LAW: HB 1409 signed by Governor 5/16/19.

LAND IN TEMPORARY TICK QUARANTINE CONTINUES TO RECEIVE OPEN-SPACE LAND VALUE

HB 3348 Guillen

Adds 23.426, 23.526

HB 3348 adds that qualified agricultural land and qualified open-space land continue to be eligible for special agricultural appraisal during a temporary cessation of agricultural or open-space use due to a quarantine for ticks. The Texas Animal Health Commission establishes the temporary quarantine at any time during the tax year and the land is appraised primarily for raising livestock. The landowner must notify the chief appraiser in writing within 30 days that the land is designated as a tick eradication area and must notify the chief appraiser 30 days after the land is released from quarantine by the Commission. Proposed Effective: Effective immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: HB 3348 sent to the Governor 5/10/19.

LAND USED AS ECOLOGICAL LAB MUST MEET FIVE-YEAR REQUIREMENT

HB 639 Springer

Amends 23.51

HB 639 adds that land used as an ecological laboratory by a public or private university must be used principally in that manner by the college or university for five of the preceding seven years. The effective date applies for tax year 2021 and thereafter, with exceptions. If the land qualified for use as an ecological laboratory in the 2014 to 2020 tax years,

then the change in law applies to a tax year that begins on January 1, 2027. For the 2021 to 2026 tax years, the qualification of land on its use as ecological laboratory is governed by the law that existed before January 1, 2021.

Proposed Effective: 1/1/2021.

Status: HB 639 passed Senate 5/17/19 and will go to Governor.

~~LAND SECURED WITH HOME EQUITY LOAN MAY RECEIVE AGRICULTURAL USE VALUATION~~

HB 1254 Murphy

Amends 23.42 and repeals 23.42(a-1)

HB 1254 repeals the provision that a landowner who secures land with a home equity loan may not designate the land for agricultural use appraisal. This Tax Code section addresses the “old ag-use” provision which requires that the owner’s primary occupation and source of income is agriculture. The repeal matches the constitutional amendment passed after the last legislative session.

Effective: 1/1/2020.

NEW LAW: HB 1254 signed by Governor 5/7/19.

~~OPEN SPACE LAND ROLLBACK TAXES ELIMINATED IN VERY RURAL COUNTIES~~

SB 1962 Zaffirini

Amends 23.55

~~SB 1962 provides that the rollback taxes for diverting open space land to a non-qualified use does not apply to land located in a county with a population of less than 25,000.~~

Proposed Effective: 9/1/2019.

Status: SB 1962 referred to Senate Property Tax 3/19/19.

~~SAND MINING OPERATION WITH TEMPORARY CESSATION OF AGRICULTURAL USE DOES NOT TRIGGER ROLLBACK OR LOSS OF SPECIAL APPRAISAL~~

HB 2942 Guillen

Adds 23.526

Substitute HB 2942 applies to a sand mining operation that overlies the Carrizo Aquifer and located within 30 miles of a city with a population over 500,000 or one mile of a single-family or

multifamily residence (Atascosa County). Open-space land appraisal would not cease for land used for a sand mining operation if the landowner intends to resume agricultural use after the mining and the land was reclaimed following certain standard best practices within one year after the sand mining ended. The landowner notifies the appraisal office in writing no later than 30 days after sand mining operations begin. Texas Commission on Environmental Quality (TCEQ) adopts best standards for reclamation by rule. The landowner applies for a TCEQ letter for determination on best practices. TCEQ notifies the chief appraiser that the owner has applied for a determination and sends a copy of the determination letter. The chief appraiser accepts the final determination that the land was reclaimed, according to standard best practices. The eligibility for open-space land appraisal would not end if the owner provided the required notice within 90 days of the bill’s effective date and the chief appraiser had not determined that a change of land use had occurred as of the bill’s effective date.

Proposed Effective: Effective immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: HB 2942 received in Senate 5/13/19, referred to Senate Property Tax 5/14/19 and left pending in Senate Property Tax 5/16/19.

Appraisal Review Board (ARB)

~~COMPTROLLER APPOINTS PROPERTY TAX ADMINISTRATION ADVISORY BOARD, ALONG WITH CHANGES TO ARB AND ARBITRATION TRAINING, ARB PROTEST PROCESS AND SURVEY~~

SB 67 Nelson

Adds 5.01, 5.043, 5.104 and amends 1.085, 5.041, 5.103, 6.412, 6.42, 41.46, 41.461, 41.47, 41.66, 41.67, 41.71, 41A.06, 41A.061, 41A.09

~~SB 67 revises the system for protesting to the appraisal review board (ARB) or appealing certain property tax determinations.~~

ARB Training

~~The Comptroller’s ARB training class for new ARB members is to be at least eight hours of classroom training and education. The advanced ARB training class must be at least four hours.~~

~~The ARB training fee may not exceed \$50 for each person trained, including an individual other than an ARB member. Section 5.102 provides that the Comptroller may consult with the property tax administration advisory board in conducting the appraisal district review of standards, procedures and methodology.~~

Arbitrator Training

~~The Comptroller shall provide an arbitration manual and other materials in training arbitrators and make those materials freely available online. The manual shall be updated regularly and revised by written request. Revised language must be approved by unanimous agreement of a Comptroller committee composed of taxpayers and chief appraisers. The person requesting the revision must pay costs of mediation, if that is necessary. The Comptroller shall supervise at least a four-hour training program for arbitrators on property tax law, with an emphasis on requirements of equal and uniform appraisal of property. The training program may be provided online, with the Comptroller by rule prescribing the verification procedures. The Comptroller may contract with service providers 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.~~

~~To qualify as an arbitrator, the person must complete the Comptroller's ARB training and be issued a certificate and complete the Comptroller's arbitrator training on property tax law.~~

~~SB 67 includes that the Comptroller may remove a person from the arbitration registry if a person fails to complete a revised training program on property tax law for arbitrators not later than the 120th day after the date the program is available, if the Comptroller has revised substantially the program.~~

ARB Survey

~~The Comptroller shall prepare an ARB survey for individuals to submit comments to the Comptroller~~

~~regarding the ARB and instructions for submitting the survey. Individuals that may complete the survey include a property owner with a Chapter 41 protest or with a 25.25 motion, the property owner's agent or a designated representative of the CAD in which the protest or motion was filed who attends the hearing on the motion or protest. The survey allows the individual to submit comments and suggestions. The CAD provides the survey and instructions to each property owner or agent at or before each hearing. The individual submits the survey to the Comptroller, with only one survey for each motion or protest. The CAD may not accept the survey from the owner or agent. The Comptroller may receive the survey in person, by mail, by email or through a web page on the Comptroller's website. The CAD may not require the survey to be completed at the CAD office. The survey must be submitted within 45 days after the survey is mailed with the determination order. The Comptroller issues an annual report summarizing the surveys during the preceding year, but not disclosing the individual's identity.~~

ARB Members Eligibility, Officers and Panels

~~Along with the current items prohibiting service on the ARB, this bill adds that the person may not serve as an ARB member if related within the third degree by blood or second degree by marriage to a current member of the ARB. A person is not eligible to serve if the person has served for all or part of three previous terms as an ARB member or auxiliary ARB member.~~

~~The local administrative judge in the county in which the CAD is established selects the ARB chair and secretary, rather than the ARB.~~

~~The concurrence of a majority of the ARB or an ARB panel present at a meeting of the ARB or panel is sufficient for a recommendation, determination, decision or other action. A concurrence by more than a majority of the all the ARB members or all members of a panel may not be required.~~

ARB Notices and Requested Information

~~The ARB hearing notice must also include the subject matter of the hearing, along with the date, time and place. The notice is required to be delivered 14 days before the first scheduled hearing, rather than a postponed hearing date.~~

The chief appraiser may not charge a property owner or owner's agent for copies of the data, schedules, formulas and other information to be introduced at the protest hearing, regardless of the way the copies are prepared or delivered. The bill removes the \$15 and \$25 maximum charges for copies of this information. The chief appraiser may deliver the information requested by regular first class mail or electronically as provided by the agreement with the property owner or owner's agent, or by referring the property owner or agent to the CAD's website on which the requested information is readily available. The hearing notice must contain a statement in a conspicuous font that clearly indicates the owner or agent may on request receive the information by first class mail.

ARB Decisions

The ARB may not determine the appraised value of a property in a protest to be greater than the appraised value as shown in the appraisal records submitted by the chief appraiser.

The ARB shall determine the protest and send the certified mail no later than the 15th after the hearing is concluded.

ARB Hearings

The ARB shall postpone a hearing if the property owner's agent requests additional time. A hearing filed by a property owner's agent shall be set for a certain time and date. Current law only allows the property owner to request a postponement or have a certain time and date. On the owner's or agent's request, the ARB shall schedule hearings for up to 20 designated properties to be held consecutively on the same day. The hearing notice must state the date and time that the first hearing begins, state the date the last hearing will end and list the order the hearings will be held. The hearing order may not be changed without the property owner's or agent's agreement, the chief appraiser and the ARB. The ARB may not reschedule a hearing to a date earlier than the seventh day after the date the last hearing was scheduled to end unless agreed by all parties. Unless agree by all parties, the ARB must provide hearing notice of the date and time of the rescheduled hearing no later than the seventh date before the hearing date. At the end of the hearing, the ARB provides the property owner or agent with

the ARB members that heard the protest and signed the required affidavit.

Information that was previously requested by a protesting party and not delivered at least 14 days before the first schedule hearing date may not be used or offered in any form as evidence in the hearing, including a document or through argument or testimony.

By rule, the ARB shall provide for hearings on a Saturday or after 5 p.m. on a weekday. The ARB may not schedule a protest hearing on a weekday evening to begin after 7 p.m. or schedule a hearing on a Sunday.

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. For more about this board, see also *Appraisal District Administration*.

Proposed Effective: 1/1/2020.

Status: SB 67 left pending Senate Property Tax 2/26/19.

ARB MAY NOT SET A PROPERTY'S VALUE ABOVE THE APPRAISED VALUE SUBMITTED BY THE CHIEF APPRAISER

SB 598 Buckingham

Amends 41.47

SB 598 provides that the ARB may not determine the appraised value of a property in a protest to be greater than the appraised value as shown in the appraisal records submitted by the chief appraiser.

Proposed Effective: 1/1/2020.

Status: SB 598 referred to Senate Property Tax 2/21/19.

ARB HEARING NOTICE DELIVERED BY CERTIFIED MAIL OR BY EMAIL AT OWNER'S REQUEST

HB 1060 Bell

Amends 1.085, 41.46

HB 1060 provides that a property owner need not enter into an electronic agreement to be entitled to electronic delivery of the ARB hearing notice. A

property owner may request delivery of the ARB hearing notice by certified mail, and the ARB may require the owner to pay the postage cost. The ARB shall deliver the ARB hearing notice to the property owner who requests that it be delivered by email and supplies a valid email address.

Proposed Effective: 9/1/2019.

Status: HB 1060 reported from Senate Property Tax 5/13/19 and set on Senate Local Calendar 5/20/19.

~~ARB MAY CORRECT CAD RECORDS FOR INACCURACY IN TANGIBLE PERSONAL PROPERTY VALUE~~

~~**SB 956 Bettencourt**~~

~~Amends 25.25~~

~~SB 956 provides that the ARB, on motion of the property owner, may order changes in the appraisal roll for the current year and for either of the two preceding years to correct an inaccuracy in appraised value of the owner's tangible personal property that is the result of an error or omission in a filed rendition or property report. The ARB may not change the value if the owner failed to timely file the rendition or report and was assessed a penalty; the property was subject to a protest by the owner with a hearing conducted and determination issued; or the appraised value was the result of a written agreement between the owner or owner's agent and the appraisal district. The ARB may not change the value if the property was the subject of a previous motion to the correction, the ARB determined the motion or the ARB determined that the owner forfeited the right to final determination for failing to prepay taxes owed.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 956 reported from House Ways & Means 5/7/19.**~~

~~ARB ORDERS CORRECTION TO GRANT OPEN-SPACE LAND APPRAISAL FOR LAND TRANSFERRED BETWEEN FAMILY MEMBERS~~

~~**HB 1188 Hefner**~~

~~Amends 23.54, 25.25~~

HB 1188 provides that, on the motion of the chief appraiser or property owner, the ARB may order that the appraised value of the owner's land in either of the two preceding years be changed to the value at which the land was appraised as open-space qualified land if

(1) the chief appraiser or property owner demonstrates clear and convincing evidence that the land was appraised as qualified land for three of the five preceding years; (2) the owner failed to file a new application after a change of ownership occurred; (3) the change of ownership was from the former owner to a person related to the former owner within the second degree by marriage or three degree by blood; and (4) the land continues to be used as qualified open-space land. If the ARB orders the change, the property owner must pay a 10% penalty on the difference between the tax imposed on the land and the tax that would have been imposed had the land been taxed at market value. The penalty is secured by a lien on the land. The ARB may not change the land's value to open-space land, however, if the land was (1) subject to a Chapter 41 protest with the owner offering evidence or argument and the ARB issued a determination order or (2) the value was established based on a written agreement between the owner or owner's agent and the appraisal district. See also *Special Valuation*.

Proposed Effective: 1/1/2020.

Status: HB 1188 referred to Senate Property Tax 4/15/19.

~~ARB MEMBERS ELECTED BY COUNTY VOTERS~~

~~**SB 1986 Creighton; similar SB 1987 Creighton**~~

~~SB 1986 adds 6.4101 and amends 5.103, 6.052, 6.41, 6.411, 6.412, 6.413, 6.414, 6.42, 41.66~~

~~SB 1987 adds 6.414, 6.44, 6.45 and amends 6.411, 6.413, 41.66~~

~~These bills provide that county voters shall elect ARB members at the general election for state and county officers.~~

~~SB 1986 sets out an election process for three ARB members in new Section 6.4101 that a county resident files an application with the county judge for a place on the ballot as an independent candidate, along with a filing fee of \$250. The resident must have resided in the county for at least two years before the date of the election. The filing fee is deposited to the credit of the county general fund. The ARB selects its chair and secretary. A vacancy on the ARB is filled by the appraisal district board of directors for the unexpired portion of the two-year term. The ARB prepares a list of potential auxiliary ARB members and submits the~~

list to the commissioners court for appointment. The ARB sets the policy concerning temporary ARB members for ex parte communications.

SB 1987 sets out an election process for ARB members in Montgomery County (with a population of more than 400,000 and adjacent to a county with a population of more than 3.3 million and no other counties with a population of more than 300,000). The ARB consists of three members elected by the county voters at the general election for state and county officers. New Section 6.45 adds that a county resident files an application with the county judge for a place on the ballot as an independent candidate, along with a filing fee of \$250. The resident must have resided in the county for at least two years before the date of the election. The filing fee is deposited to the credit of the county general fund. The members serve two year terms. A vacancy is filled by the appraisal district board of directors for the unexpired term. The ARB determines the number of auxiliary ARB members to hear protests and assist the ARB with duties. The ARB supplies a list of names to the commissioners court for the appointment of the auxiliary ARB members. See also *Appraisal District Administration*.

Proposed Effective: 1/1/2021, with some sections effective 1/1/2020. Elections are held at the 2020 general election and ARB members take office 1/1/2021.

Status: SB 1986 left pending in Senate Property Tax 4/16/19. SB 1987 referred to House Ways & Means 5/13/19.

~~PROPERTY OWNER CAN FILE LAWSUIT TO COMPEL APPRAISAL DISTRICT OR ARB TO COMPLY WITH TAX PROTEST PROCEDURE~~

SB 1428 Hancock

Adds Chapter 41, Subchapter E

SB 1428 adds that a property owner or owner's agent who filed a protest may file a lawsuit in district court against the appraisal district, the chief appraiser or the ARB to compel compliance with a procedure under Tax Code Chapter 41 or board rule. The lawsuit is limited to failure to comply with the procedure and does not address the merits of the protest or a Section 25.25 motion. Neither party may conduct discovery. If the court determines that the appraisal district, chief appraiser or ARB failed to comply, the court shall

~~order compliance with the procedure, enter any order to preserve rights and award court costs and reasonable attorney's fees to the owner or owner's agent. The court order is final and may not be appealed. Substitute SB 1428 removes the tax agent from filing the lawsuit, and the property owner must notify by certified mail the chief appraiser or ARB chair and provide 10 days to correct the compliance. Substitute SB 1428 also changes the "shall" to "may" on the award of attorney fees. See also *Appraisal District Administration*.~~

~~Proposed Effective: 1/1/2020.~~

Status: Substitute SB 1428 reported from House Ways & Means 5/16/19.

~~STANDARD CHANGED FOR PROTEST ON UNEQUAL APPRAISAL~~

SB 853 Johnson

~~Amends 41.43, 42.26, 42.29~~

SB 853 changes one of the provisions for protesting on the grounds of unequal appraisal. The protest is determined in favor of the appraisal district if it establishes that the appraisal ratio of the property is equal to or less than the median level of appraisal of a reasonable number of comparable properties in the appraisal district. The standard is to compare appraisal ratios with properties in the district (and not located in other areas of the state). Comparable properties have similarity with regard to characteristics. The person calculating the median level of comparable properties must base the calculation on the appraised value of each property as shown in the appraisal records submitted to the ARB by the chief appraiser.

SB 853 adds that the chief appraiser may provide confidential information in the hearing as long as it does not disclose a specific property or the property owner.

~~For court appeals, see also *Appraisal District Litigation*.~~

~~Proposed Effective: 1/1/2020.~~

Status: SB 853 referred to Senate Property Tax 3/1/19.

ARB MAY CORRECT APPRAISAL ROLL FOR UNEQUAL OR EXCESSIVE APPRAISAL

HB 2159 Meyer; SB 2246 Paxton

Amends 25.25

HB 2159 adds that, on the motion of a property owner or the chief appraiser prior to the time that taxes become delinquent, the ARB may correct an error regarding the unequal appraisal or excessive market value of a property. If the ARB changes the value, the property owner must pay a 10% penalty on the corrected tax amount for filing late for the change.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: HB 2159 left pending in Senate Property Tax 5/16/19. SB 2246 referred to Senate Property Tax 3/21/19.

CAD BOARD OR ADMINISTRATIVE LAW JUDGE MAY REMOVE ARB MEMBER FOR REPEATED BIAS OR MISCONDUCT

HB 2179 Wray

Amends 6.41

HB 2179 provides that the appraisal district board of directors may remove an ARB member for evidence of repeated bias or misconduct. HB 2179 removes the language of “clear and convincing” evidence. For larger appraisal districts in which the administrative law judge appoints the ARB members, HB 2179 provides that a property owner, tax consultant or tax agent may communicate with the local administrative law judge about evidence of repeated bias or misconduct. See also *Appraisal District Administration*.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: HB 2179 reported from Senate Property Tax and recommended for Senate Local/Uncontested Calendar 5/17/19.

ARB AND CHIEF APPRAISER REVIEW PROPERTY OWNER AFFIDAVIT BEFORE PROTEST HEARING

SB 211 Flores; HB 994 Guillen; SB 635 Flores

Adds Chapter 42, Subchapter B-1; amends 41.45

HB 994 adds that the chief appraiser is entitled to a copy of a property owner’s affidavit submitted to the ARB. The chief appraiser and ARB shall review the

evidence or argument provided by the property owner before the protest hearing. Senate Committee Substitute for HB 994 removes this provision that changes Section 41.45 on review of property owner evidence.

HB 994 also provides for an alternative appeal process in Atascosa County. The first House Floor Amendment to Substitute HB 994 removed the bracket for Atascosa County to apply the alternative justice court appeal process to all counties; the second House Floor Amendment removed that change to go back to the original bill as a pilot project in Atascosa County only. For more, see *Appraisal District Litigation*.

Proposed Effective: 9/1/2019.

Status: SB 211 left pending in Senate Property Tax 4/16/19. Substitute HB 994, with two House Floor Amendments, reported as substituted from Senate Property Tax 5/13/19, passed Senate 5/15/19 and set on House Items Eligible Calendar 5/20/19. SB 635 referred to Senate Property Tax 3/1/19.

~~ARB MAY NOT CHARGE PROTEST FEE OR SET VALUE GREATER THAN PROTESTED VALUE; APPRAISAL DISTRICT GIVES STATEMENT ABOUT COMPARABLE PROPERTY~~

~~SB 596, SJR 36 Buckingham; SJR 63 Lucio~~

~~Amends 41.41, 41.43, 41.47; adds Tex. Const. Art. 8, Section 18(e-1)~~

~~SB 596 and SJR 36 and SJR 63 constitutional amendment provide that the appraisal district or the ARB may not require a property owner to pay a fee in connection with a protest. The appraisal district may not offer as evidence in a protest hearing a comparable property that is or was subject to a protest unless the appraisal district at or before the hearing provides to the owner a statement that the comparable property is or was subject of a current protest. The ARB may not determine the appraised value of a property in a protest to be greater than the appraised value as shown in the appraisal records submitted by the chief appraiser (also HB 950).~~

~~Proposed Effective: 1/1/2020. SB 596 is not dependent on SJR 36 passage. SJR 36 does not state an effective date, so effective on voter approval.~~

Status: SB 596, SJR 36 referred to Senate Property Tax 2/21/19. SJR 63 referred to Senate Property Tax 3/19/19.

~~ARB OR CAD MAY NOT CHARGE PROTEST FEE~~

~~**SB 597, SJR 36 Buckingham; SJR 63 Lucio**~~

~~Amends 41.41; adds Tex. Const. Art. 8, Section 18(e-1)~~

~~SB 597 provides that the appraisal district or the ARB may not require a property owner to pay a fee in connection with a protest. This provision is also in SB 596 with different effective date.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.~~

~~SB 597 is not dependent on SJR 36 passage. SJR 36 does not state an effective date, so effective on voter approval.~~

~~**Status: SB 597 reported from House Ways & Means 5/10/19. SJR 36 referred to Senate Property Tax 2/21/19. SJR 63 referred to Senate Property Tax 3/19/19.**~~

~~APPRAISAL DISTRICT GIVES STATEMENT ABOUT PROTESTED COMPARABLE PROPERTY~~

~~**SB 599 Buckingham**~~

~~Amends 41.43~~

~~SB 599 provides that the appraisal district may not offer as evidence in a protest hearing a comparable property that is or was subject to a protest unless the appraisal district at or before the hearing provides to the owner a statement that the comparable property is or was subject of a current protest. This provision is also in SB 596 with different effective date.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 599 referred to Senate Property Tax 2/21/19.**~~

~~TAXING UNIT MAY NOT CHALLENGE APPRAISAL FOR CATEGORY OF PROPERTY~~

~~**SB 955 Bettencourt**~~

~~Amends 41.03~~

~~SB 955 provides that a taxing unit may not challenge the level of appraisal of any category of property or in any territory in the district. That option is deleted from the items a taxing unit may challenge to the ARB.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.~~

~~**Status: SB 955 reported from House Ways & Means 5/7/19**~~

~~JOINT MOTION MAY REQUEST ARB ISSUE AN AGREED ORDER~~

~~**SB 2531 Creighton**~~

~~Amends 41.47~~

~~SB 2531 provides that the chief appraiser and property owner, or owner's agent, may file a joint motion requesting that the ARB issue an agreed order when the two parties have agreed to disposing of a protest. This process is referred to as top-line method of resolving disputes. The ARB chair shall issue the agreed order within five days after the joint motion is filed with the ARB. If the ARB chair is unable to do so in five days, the ARB shall issue the agreed order not later than 30 days after the joint motion is filed. The chief appraiser and property owner, or owner's agent, may provide in the joint motion that the agreed order is appealable in the same manner as any other ARB order.~~

~~Proposed Effective: 1/1/2020.~~

~~**Status: SB 2531 reported from House Ways & Means and set on House Local Calendar 5/22/19.**~~

Appraisal District Litigation

~~DISTRICT COURT GRANTED MORE AUTHORITY TO DETERMINE TAX APPEALS~~

~~**HB 380 Geren**~~

~~Adds 42.231 and amends 42.01~~

~~HB 380 adds that the property owner may appeal to district court a motion filed under Section 25.25 for a correction, for Section 41.411 no-notice appeal or for a refund under Section 23.1243, without being one that required the ARB's determination. The owner may appeal the ARB decision that the ARB lacked jurisdiction to determine a protest or a motion filed by an owner under Section 25.25 because the owner failed to comply with a requirement of Section 25.25 or Chapter 41C. If the court determines that the ARB did have jurisdiction, the court determines the final determination of the protest. If the property owner failed to exhaust the owner's administrative remedies, the court may remand the action to the ARB with instructions to allow the owner to cure the owner's failure, in lieu of dismissing the appeal.~~

Proposed Effective: 9/1/2019, applying to appeals filed on or after effective date.

Status: HB 380 passed Senate 5/9/19 and sent to Governor 5/14/19.

SUPPLEMENTAL TAX BILL AFTER COURT APPEAL OF ARB DETERMINATION HAS ITS OWN DELINQUENCY DATE

HB 861 Anchia

Amends 42.42

HB 861 changes the application of penalties and interest after the court's final determination of an ARB appeal in which additional taxes are due by the property owner. If the additional taxes on a supplemental bill are not paid by the delinquency date for the additional taxes, the property owner is liable for penalties and interest on the supplemental bill. Current law uses the delinquency date of the original tax bill for the property's supplemental bill.

Proposed Effective: 9/1/2019.

Status: HB 861 passed Senate 5/16/19 and sent to Governor 5/17/19.

PERSON MUST WAIT TWO YEARS IN CERTAIN CASES TO BE APPOINTED AN ARBITRATOR

SB 1029 Hall

Amends 41A.07

~~SB 1029 changes the time period when a person is ineligible to be appointed as an arbitrator for binding arbitration. The person is not eligible to be an arbitrator if, during the two preceding years (current law is five years), the person has represented a person for compensation in a property tax proceeding (tax agent), served as an officer or employee of the appraisal district or served as an ARB member.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 1029 referred to House Ways & Means 5/1/19.**~~

DEADLINE TO REQUEST BINDING ARBITRATION EXTENDED TO 60 DAYS

HB 1802 Bohac

Amends 41A.03 and 41A.05

HB 1802 extends the deadline for a property owner to file with the appraisal district to appeal an ARB order to binding arbitration to be no later than 60 days after the date the owner receives the ARB order. Current

law is 45 days. If there is a defect in a binding arbitration request to the Comptroller, the Comptroller delivers written notice to the applicant regarding the application defect and grants the applicant 15 days to cure the problem.

Effective: 5/17/19 on Governor's signature.

NEW LAW: HB 1802 signed by Governor 5/17/19.

~~STANDARD CHANGED FOR APPEALS ON UNEQUAL APPRAISAL, AWARD OF ATTORNEY'S FEES~~

SB 853 Johnson

Amends 41.43, 42.26, 42.29

~~SB 853 changes one of the provisions for appealing on the grounds of unequal appraisal. The district court shall grant relief if the property is appraised unequally if the appraisal ratio of the property exceeds by at least 10% the median level of appraisal of a reasonable number of comparable properties in the appraisal district. The standard is to compare appraisal ratios with properties in the district (and not located in other areas of the state). The court shall order relief to change the property's value as calculated on the basis of the median appraisal. Comparable properties have similarity with regard to characteristics. The person calculating the median level of comparable properties must base the calculation on the appraised value of each property as shown in the appraisal records certified by the chief appraiser. The chief appraiser may provide confidential information in the appeal as long as it does not disclose a specific property or the property owner.~~

~~For protests, see also *Appraisal Review Board*.~~

~~Proposed Effective: 1/1/2020.~~

~~**Status: SB 853 referred to Senate Property Tax 3/1/19.**~~

BINDING ARBITRATION ADDRESSED FOR DEFINING CONTIGUOUS PROPERTIES

SB 1876 Fallon

Amends 41A.03

SB 1876 addresses contiguous properties for binding arbitration to state that tracts of land may not be considered noncontiguous on the basis of their classifications, provided the tracts constitute the same economic unit. House Floor Amendment to SB 1876 changes the above language to add a definition of "contiguous tracts" for binding arbitration to mean

improved or unimproved tracts of land that are touching or share a common boundary, as determined in using appraisal district records or legal descriptions.

Proposed Effective: 9/1/2019. House Floor Amendment changes effective date to immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: SB 1876, with one House Floor Amendment, passed House 5/17/19 and set on Senate Items Eligible Calendar 5/20/19.

ALTERNATIVE APPEAL PROCESS FOR ARB DETERMINATIONS SET OUT FOR ATASCOSA COUNTY OR FOR COUNTIES WITH POPULATION UNDER 120,000

SB 211 Flores; HB 994 Guillen; similar SB 635 Flores

Adds Chapter 42, Subchapter B-1; amends 41.45

HB 994 provides an alternative process of appealing an ARB determination applies to Atascosa County (population of less than 45,500, shares a border with a county that has a population of 1.5 million, is within 200 miles of an international border and has the Atascosa River flow through it). As an alternative to filing a lawsuit in district court, an Atascosa County property owner may appeal an ARB decision to a justice court. The appeal addresses a determination of appraised value or exemption, and the amount of taxes in dispute is \$5,000 or less. This provision expires September 1, 2025. When it expires, the Office of Court Administration (OCA) shall conduct a study of its effectiveness in increasing court efficiency and improving property owners' ability to exercise their appeal rights. By December 1, 2026, the OCA shall report its findings to the Legislature. Substitute HB 994 changes the appeal to one that relates to excessive appraised on the owner's residence homestead and the value determined by the ARB stated in the ARB order is \$500,000 or less. The appeal does not apply to unequal appraisal or determination of an exemption. The first House floor amendment to Substitute HB 994 removed the bracket for Atascosa County to apply the alternative justice court appeal process to all counties; the second House floor amendment removed that change to go back to the original bill as a pilot project in Atascosa County only.

Senate Committee Substitute of HB 994 does not include the change to Section 41.45 on the review of property owner evidence. See *Appraisal Review Board* for ARB change.

Proposed Effective: 9/1/2019.

Status: SB 211 left pending in Senate Property Tax 4/16/19. Substitute HB 994, with two House Floor Amendments, reported as substituted from Senate Property Tax 5/13/19, passed Senate 5/15/19 and set on House Items Eligible Calendar 5/20/19. SB 635 referred to Senate Property Tax 3/1/19.

2015 LEGISLATION ON TESTIMONY BY CAD EMPLOYEE ON VALUE APPEAL REPEALED

SB 449 Creighton

Amends 42.23

SB 449 repeals the provision added to Section 42.23 in 2015 to provide that, when an appraisal district employee testifies to a real property value in an appeal of an ARB order, the court may give preference to an employee who is a state-licensed real estate appraiser. That provision was to go in effect January 1, 2020. This bill repeals that before it becomes effective.

Proposed Effective: 9/1/2019.

Status: SB 449 set on House Calendar 5/20/19.

~~AWARD OF ATTORNEY'S FEES CHANGED FOR APPRAISAL DISTRICT LITIGATION~~

SB 854 Johnson

~~Amends 42.29~~

~~SB 854 changes the award of attorney's fees in the appeal of an ARB determination. A property owner who prevails in an appeal on market value or unequal value may be awarded reasonable attorney's fees if the appraised value determined by the court is less than 90% of the value according to the appraisal roll. An appraisal district may be awarded attorney's fees not to exceed \$100,000 if the appraisal district prevails in an appeal of market value or unequal appraisal and the appraised value determined by the court is at least 10% greater than the appraisal district's value.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.~~

~~**Status: SB 854 referred to Senate Property Tax 3/1/19.**~~

Assessment & Truth-in-Taxation

HOUSE SCHOOL FINANCE PLAN CHANGES SCHOOL ROLLBACK RATE AND RATE ADOPTION

HB 3 Huberty

HB 3 amends 26.08; amends many Education Code sections; amends Government Code sections
Senate Substitute HB 3 adds 26.151

The Senate heard and included 49 Senate Floor Amendments to Substitute HB 3. The Senate Substitute varies from the House version of HB 3, but many Senate Floor Amendments added provisions in the House version. See *School Finance* on more about the bill. This section addresses the school rollback tax rate and tax rate adoption by a school board.

House Substitute HB 3 restricts a school district from holding a 2019 tax ratification election (TRE), unless the school district in its strategic plan adopted before January 1, 2019 in a school board public meeting proposed a tax rate calling for a 2019 TRE. Senate Substitute HB 3 also includes a restriction on the 2019 tax rate, unless the school district before January 1, 2019 adopted a strategic plan during a public meeting that proposed a 2019 M&O tax rate. The Senate version includes a rate limit and the ballot includes this statement: "THIS IS A PROPERTY TAX INCREASE."

House Substitute HB 3 mandates that a school district seek an independent efficiency audit, prior to conducting any tax ratification election (TRE). Effective January 1, 2020, a school district could choose an independent auditor to conduct the efficiency review and require the Legislative Budget Board to set the efficiency audit standards and guidelines. The auditor must complete the audit within three months of being selected. The school board holds an open meeting to discuss the audit findings and post the audit results on the district's website at least 30 days before the TRE. The amendments allowed for a TRE without an efficiency audit for two years following a disaster declared by the Governor. Senate Floor Amendment to Senate Substitute HB 3 added the requirement for an efficiency audit prior to a TRE.

House Substitute HB 3 provides that, for the 2019 tax year, a school district that took action to comply with publication requirements under Education Code Section 44.004 before HB 3's effective date may amend the district's previously published notices to comply with changes made to the district's permissible and proposed tax rates by posting those changes on the district's Internet website. A school district that complied with the law in effect at the time of the district's original publication may hold the district's scheduled public hearing as originally published. Senate Substitute HB 3 also includes this language for those schools that have started the budget and rate notice process.

House Substitute HB 3 changes the name of the "rollback tax rate" to the "voter-approved rate." The term "effective tax rate" changes to "no-new-revenue tax rate" if HB 2, or another bill, amends that term. This provision is not in the Senate Substitute HB 3.

A school tax rate ratification election, beginning with the 2020 tax year, is held on a uniform election date that provides sufficient time after the election order to comply with election law requirements. A tax rate adopted that requires a successful ratification election applies only in the year for which the rate is adopted. The amount by which that rate exceeds the district's ratification tax rate for that tax year may not be considered when calculating the district's ratification tax rate for the tax year following that year. The ballot language changes: "Voter approval of the ad valorem tax rate of ___ (insert adopted tax rate) in (name of school district) for the current year, a rate that will result in an increase of ____ (insert percentage increase in maintenance and operations tax revenue under the adopted tax rate as compared to maintenance and operations tax revenue in the preceding tax year) percent in maintenance and operations tax revenue for the district for the current year as compared to the preceding year, which is an additional \$___ (insert dollar amount of increase in maintenance and operations tax revenue under the adopted tax rate as compared to maintenance and operations tax revenue in the preceding tax year)." Senate Substitute HB 3 also includes this provision, but the wording is slightly different.

Substitute HB 3 provides that the school district's 2019 voter-approved (formerly, rollback) tax rate is the sum of the following:

- (A) rate per \$100 of taxable value equal to the product of the state compression percentage, as determined under Education Code Section 48.255 for the 2019 tax year and \$1.00;
- (B) greater of:
 - (i) district's M&O rate for 2018 tax year, less sum of:
 - (a) \$1.00; and
 - (b) any amount by which the district is required to reduce the district's enrichment tax rate under Education Code Section 48.202(f), in the 2019 tax year; or
 - (ii) rate of \$0.04 per \$100 of taxable value; and
- (C) district's current debt rate.

For the 2020 and subsequent tax years, the voter-approved rate is the sum of the following:

- (A) rate per \$100 of taxable value that is equal to the product of the state compression percentage, as determined under Education Code Section 48.255 for the current year and \$1.00;
- (B) greater of:
 - (i) district's enrichment tax rate for preceding tax year, less any amount by which the district is required to reduce the district's enrichment tax rate under Education Code Section 48.202(f) in the current tax year; or
 - (ii) rate of \$0.05 per \$100 of taxable value; and
- (C) district's current debt rate.

For the 2020 tax year, a school district shall substitute "\$0.04" for "\$0.05" if the school board does not adopt by unanimous vote for that tax year a M&O tax rate at least equal to the sum of the rate described and the rate of \$0.05 per \$100 of taxable value. The Senate Substitute HB 3 uses \$0.04 and not \$0.05 in the rate calculation.

House Substitute HB 3 changes the language on the public hearing notice for proposed budget and tax rate, published by the school district, to reflect changes in terminology. Senate Substitute HB 3 requires that the notice include a statement that a school district may not increase the district's M&O tax rate to create a surplus in M&O tax revenue for

the purpose of paying the district's debt service. It also changes the notice to reflect Education Code Chapter 48 rather than Chapter 42. Senate Substitute HB 3 also adds Education Code Section 45.0021 that a property owner is entitled to an injunction restraining collection of taxes by a district if the district adopts a M&O tax rate to pay debt service. The injunction action must be filed before the tax bills are substantially delivered.

Senate Substitute HB 3 is not effective unless SB 2, property tax relief, also passes. House Substitute HB 3 does not include this effective with SB 2.

Proposed Effective: HB 3 is effective 9/1/2019 for the 2019-2020 school year, with some sections set with other dates. The change to Section 26.08 begins with the 2019 tax year. Senate Substitute HB 3 is effective 9/1/2019 for the 2019-2020 school year, with some sections effective immediately and Section 26.08 is changed for the 2019 tax year.

Status: Senate Substitute HB 3, with 49 Senate Floor Amendments, passed Senate 5/6/19; House did not concur and appointed conference committee: Huberty-chair, Ashby, Bernal, Gonzalez of El Paso, and King of Hemphill; Senate appointed Senators Taylor, Nelson, Campbell, West and Watson 5/8/19; conference committee meeting 5/10/19.

TAXING UNIT REQUIRED TO POST CERTAIN INFORMATION ON ITS WEBSITE

HB 305 Paul

Adds Government Code Chapter 2051, Subchapter E

Substitute HB 305 requires a political subdivision, which has the authority to impose a tax and maintains a public access website on or after January 1, 2019, to post certain information on its website, including contact information, elected officers, candidates for elected office, requirements and deadline for filing for candidacy, date and location of next election for officers, meeting notices and meeting minutes. The House Floor Amendment to HB 305 added that posting the meeting notices and minutes do not apply to a county with a population of less than 10,000; to a city with a population of less than 5,000 in a county with a population of less than 25,000; or to a school district with a population of less than 5,000 in the district's boundaries and located in a county with a

population of less than 25,000. Senate Committee Substitute HB 305 changes the bill's caption to state "certain political subdivisions" rather than "a political subdivision."

Proposed Effective: 9/1/2019.

Status: Substitute HB 305, with one House Floor Amendment, reported as substituted from Senate Business & Commerce and set on Senate Local Calendar 5/20/19.

~~ELECTIONS HELD ON UNIFORM ELECTION DATE IN NOVEMBER ONLY~~

~~**SB 954 Fallon; similar SB 1048 Fallon**~~

~~SB 954 adds Election Code 41.0051 and amends 271.002; amends Education Code 11.0581, 41.012, 41.235; amends Health & Safety Code 262.005; amends Local Government Code 43.0755, 377.021; adds Special District Local Laws Code 1.006; amends Transportation Code 451.071; amends Water Code 49.103, 56.804, 63.089, 65.103; repeals sections and subsections in various codes~~

~~SB 1048 adds Election Code 41.0051 and amends 41.0052; amends Education Code 11.0581~~

~~SB 1048 addresses setting elections on a uniform election date or holding elections only on the November general election date. SB 1048 also requires school districts to hold the election of school trustees and bond elections on the November uniform election date. The Senate Floor Amendment to SB 1048 provides that the elections of school board members and issuing bonds appear at the top of the November election ballot.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 954 referred to Senate State Affairs 3/1/19. SB 1048, with one Senate Floor Amendment, left pending in House Elections 5/13/19.**~~

~~LIMIT SET ON GENERAL OBLIGATION BONDS ISSUED BY A TAXING UNIT~~

~~**HB 440 Murphy**~~

~~Adds Education Code 45.1105, adds Government Code Chapter 1253 and repeals Chapter 1332; amends Election Code 4.003, 85.062~~

~~HB 440 provides that a political subdivision may not issue general obligation bonds to purchase, improve or construct improvements or to purchase personal property if the weighted average maturity of the bonds~~

exceeds 120% of the reasonably expected weighted average economic life of the improvements or personal property financed with the bonds. The political subdivision may use unspent bond proceeds for the specific purposes for which the bonds were authorized, to retire the bonds or for another purpose that a majority of voters approve if the original project is accomplished or abandoned. A school district may use the unspent proceeds of general obligation bonds only for (1) specific purposes for which the bonds were authorized; (2) to retire the bonds; or (3) for a purpose other than the specific purposes for which the bonds were authorized if the specific purposes are accomplished or abandoned. The school board at a public meeting held only for the purpose of considering the use of the unspent bond proceeds approves in separate votes the use of the proceeds for a purpose other than to retire the bonds and the purpose specified at the time the vote is taken. The public meeting notice must include a statement that the school board will consider the use of unspent bond proceeds for a purpose other than the specific purposes. The public has an opportunity to address the school board on using the unspent bond proceeds for another purpose. The Senate Floor Amendment strikes language added for Section 1253.002 (above) and substitutes that, notwithstanding any other provision of law, a political subdivision may not issue general obligation bonds to purchase, improve or construct one or more improvements to real property, to purchase one or more items of personal property or to do both, if the weighted average maturity of the issue of bonds exceeds 120% of the reasonably expected weighted average economic life of the improvements and personal property financed with the issue of bonds.

Proposed Effective: 9/1/2019.

Status: HB 440, with one Senate Floor Amendment, passed Senate 5/14/19 and set on House Items Eligible Calendar 5/20/19.

~~CITY OR COUNTY HAS REQUIRED BOND NOTICE CHANGES~~

~~**HB 477 Murphy**~~

~~Amends Election Code 3.009, 52.072; amends Government Code Chapter 1251 sections and repeals 1251.002; amends Local Government Code 271.049~~

~~HB 477 requires a political subdivision with at least 250 registered voters to include more information on~~

its bond order and on its website (if it maintains one) beginning not later than 21 days before the bond election date. The current law of 40 maximum years for a bond is changed to the maximum provide by law. The voter information document posted by the political subdivision and maintained on the website includes the annual estimated maximum tax increase on a \$100,000 residence homestead, along with amortization of the current debt obligations and the proposed debt, changes in estimated future appraised values within the political subdivision and the assumed interest rate on the proposed debt. The initial notice of the intention to issue certificates of obligations is required to be published in a newspaper of general circulation 45 days before the passage of the order or ordinance authorizing issuance and continuously posted for 45 days on the website. Senate Committee Substitute and the Senate Floor Amendment revised the House version.

Proposed Effective: 9/1/2019.

Status: **HB 477 as substituted by Senate Committee, passed Senate, with one Senate Floor Amendment, 5/15/19; set on House Items Eligible Calendar 5/20/19.**

~~CITY ADDS LANGUAGE ABOUT NEW OR INCREASED FEE IN ITS BUDGET NOTICES~~

SB 849 Fallon

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

~~SB 849 requires that a city's proposed budget that includes estimated revenue from a new fee or increased existing fee must contain on its cover page a statement in 18 point or larger type specific required language about the fee, the dollar amount of each new fee and the percentage of increase of a fee. In adopting the budget with a new or increased fee, the city council must ratify the use of that revenue in a separate vote, in addition to and separate from the vote to adopt the budget or to adopt or increase the fee. In a city with 30,000 population or more, the city establishes and maintains an email notification service to which any person may electronically subscribe to receive information on new or increased city fees. If a city does not maintain an email notification service, the city may post the notification on its website with a prominently displayed link on its home page. The email notification service must allow~~

~~a subscriber notice of a new fee, increased existing fee, proposed budget, adopted budget, public hearing on the fee or budget and any link to view the budget or fee information. The email notification is required no later than the date the city provides public notice of a public hearing on the budget, the budget officer files the proposed budget with the city clerk or the governing body files the adopted budget with the city clerk. The Senate Floor Amendment to SB 849 changes the 30,000 population to 20,000 population to be excluded from the email notification service.~~

~~Proposed Effective: 9/1/2019.~~

~~Status: SB 849, with one Senate Floor Amendment, reported from House Urban Affairs 5/9/19.~~

SCHOOL DISTRICTS MAY BORROW FUNDS FROM THE TEXAS PUBLIC FINANCE AUTHORITY

HB 1131 Cole; similar SB 740 Hughes

HB 1131 adds Education Code 45.114 and 45.114 and amends 45.041, 45.052, 45.063, 45.252; adds Government Code 1232.1031; Senate Committee Substitute replaced with SB 740 version

~~SB 740 adds Education Code 45.114 and 45.115 and amends 45.252; adds Government Code 1232.1031~~

HB 1131 provides that a school district may borrow money from the Texas Public Finance Authority with bonds and notes not to exceed 15 years, including lease agreements and lease-purchase agreements. Senate Committee Substitute HB 1131 limits the eligible school district to one that has 1,600 students or less in average daily attendance. The school district pays using available funds, including M&O taxes, and secures the payment through a lien against equipment using the proceeds, imposing a property tax or obtaining credit enhancement. The Texas Public Finance Authority may issue and sell obligations to finance loans to eligible school districts, the purchase of vehicles, equipment or appliances for sale, lease or lease-purchase, and costs associated with maintaining, repairing, rehabilitating or renovating school facilities. The school district may pledge money in the school district equipment and improvement fund, established outside the Texas Treasury as a trust fund and administrated by the Texas Comptroller. The aggregate amount of obligations issued by the Authority may not exceed

\$100 million. The Authority may not issue an obligation for this fund on or after September 1, 2023.

Two House Floor Amendments to HB 1131 added: A school district that secures payment of an obligation or agreement issued or executed through imposing an ad valorem maintenance tax must include the obligation or agreement in the district's total maintenance tax debt service when submitting public securities for review to the Attorney General under Chapter 1202, Government Code. Vehicles, equipment and appliances are considered furnishings. An obligation under this provision is not a debt of the state. An issuance of obligations to refund outstanding obligations is not included in determining the maximum aggregate amount if the principal amount of the refunding obligations does not exceed the principal amount of the refunded obligations. If the principal amount of the refunding obligations exceeds the principal amount of the refunded obligations, the excess amount of the refunding obligations is included in determining the maximum aggregate amount. Senate Committee Substitute of HB 1131 does not include these amendments.

Senate Committee Substitute to HB 1131 adds that the amount of obligations under Section 1232.1031 must be to benefit school districts with average daily attendance of 1,600 or fewer students. Not more than 2% of the obligations issued may be for the benefit of a single school district. (This was the Senate Floor Amendment to SB 470.)

Proposed Effective: 9/1/2019. Senate Committee Substitute HB 1131 changes to effective immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2019.

Status: HB 1131, with 2 House Floor Amendments, reported as substituted from Senate Education 5/17/19 and set on Senate Calendar 5/20/19. Substitute SB 740, with one Senate Floor Amendment, passed Senate 5/13/19 and referred to House Public Education 5/14/19.

NEW TAXING UNIT HAS SAME FISCAL YEAR AS COUNTY

HB 2617 Cole

Adds Local Government Code 140.012

HB 2617 requires that a political subdivision created on or after September 1, 2019, and that has the

authority to impose a tax, must have the same fiscal year as the county in which it is wholly or primarily located.

Proposed Effective: 9/1/2019.

Status: Substitute HB 2617 reported from Senate Intergovernmental Relations 5/17/19 and set on Senate Calendar 5/20/19.

FISCAL TRANSPARENCY REQUIRED BY SPECIAL DISTRICTS

HB 3001 Morrison; SB 2097 Birdwell

Adds Local Government Code 140.008, 403.0241

HB 3001 requires a special purpose district to provide information to the Texas Comptroller for the Special Purpose District Public Information Database in the form and manner prescribed by the Comptroller. If the required information is posted separately on a website that a state agency, the Comptroller or special district maintains, the Comptroller may include a direct link to that database with a clear statement describing the location of the separately posted information rather than reproducing it. The special district shall ensure that financial documents are made available at the district's regular office for inspection and posted for public viewing on its website. The Comptroller may provide individuals with disabilities an alternate method of access instead of posting on Comptroller's website.

Proposed Effective: 9/1/2019.

Status: HB 3001 received in Senate 5/13/19, reported from Senate Intergovernmental Relations and recommended for Senate Local/Uncontested Calendar 5/17/19. SB 2097 referred to Senate Intergovernmental Relations 3/21/19.

NEWSPAPERS ADDRESSED FOR POSTING PUBLIC NOTICES IN RURAL COUNTIES

HB 3759 Nevarez

Adds Government Code 2051.0442 and amends Government Code 2051.044, 2051.0441

Substitute HB 3759, with House Floor Amendments, revises the type of newspaper required for publication of public notices in (1) a county with a population of at least 30,000 and not more than 39,000 that borders the Red River or (2) for government entities in a county that does not have a newspaper described by Government Code Section 2051.044. For these

government entities, the provision that the newspaper have a mailing or delivery circulation to 51% of the county residences is removed. This change addresses the decrease in circulation of rural newspaper that has required some rural government entities to publish in larger urban newspapers at an increased cost. The House Floor Amendments deleted the change to Government Code 2051.044.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2019.

Status: Substitute HB 3759, with 2 House Floor Amendments, passed House 5/8/19 and received in Senate 5/9/19.

~~SOME ENTITIES REQUIRED TO HAVE BALLOT LANGUAGE REVIEWED BY PANEL OF JUDGES~~

~~**SB 323 Huffman**~~

~~Adds Election Code 52.0721~~

~~Substitute SB 323 requires a political subdivision located primarily in a county with a population of more than 120,000 to seek review of its ballot proposition language for certain elections. Not later than 123 days before an election, the political subdivision submits its ballot language and brief statement of the election's purpose to the regional presiding judge of the administrative judicial region for that entity. The judge appoints a panel of three judges from the judicial region to review whether or not the ballot language is clear and understandable to the average voter. Within 45 days, the panel must approve or disapprove the ballot language. The panel may provide a rewritten ballot. The political subdivision can either use the panel's revised ballot language or submit a revised ballot for approval. House Committee Substitute of SB 323 provides that this ballot review does not apply for an election for which a statute provides the ballot language, for an election issuing bonds or an election for imposing or increasing the tax rate for payment of bonds.~~

~~Proposed Effective: 1/1/2020.~~

~~**Status: Substitute SB 323 reported as substituted from House Elections 5/14/19.**~~

~~SPECIFIC BALLOT LANGUAGE REQUIRED FOR ELECTIONS FOR BONDS SECURED BY PROPERTY TAXES~~

~~**SB 462 Campbell**~~

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

~~Substitute SB 462 requires the ballot for a bond election for debt secured by property taxes to state the purpose for which the debt is authorized, the principal amount, the taxes sufficient to pay the annual principal and interest on the debt, the aggregate amount of outstanding principal in the entity and the property tax debt rate at the time the election is ordered. The debt rate is as an amount per \$100 valuation and as a percentage of the political subdivision's adopted tax rate as of the beginning of the fiscal year in which the election is ordered. The Secretary of State may adopt a ballot form that taxing units may use.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: Substitute SB 462 left pending in House Pensions/Investments/Financial Services 5/9/19.**~~

~~SCHOOL BUDGET ADOPTION MUST BE A RECORD VOTE AND INCLUDE SPECIFIC INFORMATION ON BUDGET COVER PAGE~~

~~**SB 463 Campbell**~~

~~Amends Education Code 44.004, 44.005, 44.0051~~

~~SB 463 requires that a school board must take a record vote to adopt the annual budget. The filed budget must contain a cover page that states in 18-point or larger type if the budget requires more, less or the same in property taxes from last year's budget; percentage of tax revenue change; property tax rates for the preceding and current years, including the adopted rate, effective tax rate, effective M&O rate, rollback tax rate and debt rate; total amount of bonds owed by the district; computation of instructional expenditures ratio and employees ratio; and the record vote to adopt the budget and to adopt the tax rate, if that vote was taken. The budget and this information is also posted on the district's website.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 463 referred to Senate Education Committee 2/14/19.**~~

~~NORTH PLAINS GROUNDWATER CONSERVATION DISTRICT HAS M&O TAX LIMITATION REPEALED~~

~~**SB 528 Seliger**~~

~~Repeals Special District Local Laws Code 8887.151~~

~~SB 528 repeals the provision, effective April 1, 2019, that the North Plains Groundwater Conservation~~

District's M&O tax rate may not exceed five cents per \$100 valuation.

Proposed Effective: 9/1/2019.

~~Status: SB 528 referred to Senate Water & Rural Affairs 2/21/19.~~

~~VOTER APPROVAL REQUIRED FOR ADOPTING ABOVE ROLLBACK RATE WITH NOVEMBER ELECTION DATE, ALONG WITH DEADLINE CHANGES~~

~~**SB 600 Buckingham**~~

~~Amends 11.4391, 22.23, 25.19, 25.22, 26.01, 26.04, 26.05, 26.08, 26.16, 31.12, 33.08, 41.12 and repeals 26.07; Education Code 130.016; Health and Safety Code 281.124; Local Government Code 140.010; Special District Local Laws Code 1101.254, 1122.2522, 3828.157, 8876.152; Water Code 49.108, 49.236 and repeals 49.2361~~

~~SB 600 changes deadlines so that a tax rate that exceeds the rollback tax rate (with an 8% increase) be adopted before August 15, so that voters can vote to approve the adopted rate at a November rollback tax rate election. The bill contains some of the same deadline changes as SB 2, but not the changes to the rate calculations. The deadline for filing a late application for exemption for freeport goods is changed to June 1 (from June 15). The rendition deadline is moved to no later than May 1 (from May 15). Notices of appraised value are sent by April 15 for all properties (moved from April 1 and May 1). The chief appraiser submits records to the ARB by May 1 (from May 15). The chief appraiser submits preliminary values to taxing units May 15 (from April 30). The ARB approves the records by July 5 (from July 20). The chief appraiser certifies values by July 10 (from July 25). The tax assessor gives the taxing unit's governing body total values, including new properties, by July 15 (from August 1). The tax collector gives the anticipated collection rate by July 15 (from August 1). The designated officer or employee provides the effective and rollback rates to the taxing unit's governing body by July 22 (from August 7) and publishes in newspaper by July 27. The governing body must adopt a rate before the later of September 30 or 60 days after receipt of certified appraisal roll, except that a tax rate adopted above the rollback rate must be adopted before August 15. The meeting to vote on the tax rate by the governing body must be three to seven (not 14) days after the second~~

~~public hearing on a tax increase. All taxing units, not just school districts, must hold an election if the rate adopted exceeds the rollback tax rate, with the election in November. Section 26.08 for an automatic election, however, does not apply to a taxing unit if a provision of an uncodified local or special law enacted in 2019 or by an earlier law that the rollback tax rate election does not apply to that taxing unit.~~

~~Proposed Effective: 1/1/2020.~~

~~Status: SB 600 referred to Senate Property Tax 2/21/19.~~

~~50 LARGEST ISDS POST SCHOOL FINANCIAL INFORMATION, INCLUDING TAX RATE, ON ITS WEBSITE~~

~~**SB 629 Fallon; SB 767 Creighton**~~

~~Adds Education Code, Chapter 44, Subchapter D~~

~~SB 629 requires that a school district ranked among the 50 largest in student enrollment shall maintain on its website an electronic database of district finances. Information to be posted includes for the preceding year the total expenditures and also per student in average daily attendance; total revenue and also per student in attendance; total number of full time positions; graphic of operating and debt service funds, including budget allocation and also per student for current year, with function code and object code, and revenues and expenditures for the four preceding years; the district's annual financial report for preceding five years; a searchable transaction register by amount, name of payee, date and purpose; a board financial report updated quarterly with adopted and amended budget and revenues and expenditures; a visualization chart with district financial trends for preceding five years with total expenditures and revenue per student and property tax rate; contact information for the district and school board trustees; and link to web page on instructions for submitting open records request. The annual financial report must be posted by the first anniversary of the end of the fiscal year.~~

~~Proposed Effective: 1/1/2020.~~

~~Status: Substitute SB 629 referred to House Public Education 5/13/19. SB 767 referred to Senate Education 3/1/19.~~

~~ISSUING CERTIFICATES OF OBLIGATION
CHANGED~~

~~**SB 652 Campbell**~~

~~Amends Local Government Code 271.047, 271.049~~

~~Substitute SB 652 provides that a governing body may not authorize a certificate to pay contractual obligations if a bond proposition to authorize the bonds for the same purpose failed voter approval during the preceding six years (rather than 10 years in the filed version). Current law is three years. Prior to issuing the payment of certificates, the governing body also must post notice continuously on its website for at least 30 days before the date proposed for passing the order or ordinance to authorize the certificates. Current law requires weekly newspaper notice for two consecutive weeks. The governing body must maintain a website to comply with this posting.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: Substitute SB 652 left pending in House Pensions/Investment/Financial Services 5/9/19.**~~

~~BOND BALLOT LANGUAGE STATES SINGLE
PURPOSE AND TAX RATE INCREASE~~

~~**SB 915 Birdwell; similar SB 30 Birdwell**~~

~~Amends Election Code 52.072~~

~~Substitute SB 30 also amends Education Code 45.003~~

~~SB 30 adds that a proposition submitted for a bond election state the single specific purpose for which the bonds are to be authorized and the tax rate of any tax that will be increased or imposed to pay the principal and interest on the bonds. The ballot must be printed to show each single specific purpose for which bonds requiring voter approval are to be issued as a separate proposition. Substitute SB 30 adds that issuing bonds for construction of school buildings or acquiring equipment may be submitted to the voters in a single ballot proposition, except that bonds for the following purposes must be stated as a separate proposition: stadium, natatorium, another recreational facility other than a gym, performing arts facility, teacher housing and acquiring or updating technology equipment other than for school security.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 915 referred to Senate Property Tax 3/4/19. Substitute SB 30 reported from House Pensions/Investments/Financial Services 5/13/19 and set on House Calendar 5/21/19.**~~

~~BOND ELECTION HELD ON UNIFORM
NOVEMBER ELECTION DATE; BOND OR TAX
BALLOT ADDRESSED~~

~~**SB 1026 Bettencourt; similar SB 1224 Bettencourt;
similar SB 2219 Bettencourt**~~

~~Adds Election Code 41.0051~~

~~SB 1224 also adds Election Code 41.0011~~

~~SB 2219 also amends Election Code 52.072; amends
Government Code Chapter 1251~~

~~SB 2219 requires that a bond proposition be submitted to the voters in an election at the November uniform election date. An emergency election may be held on another date, but the Governor must grant permission to do so. Any law requiring an election be held on a different date must comply with this new provision. The Governor determines that an emergency warrants holding the election on an earlier May uniform election date.~~

~~SB 2219 also addresses the proposition submitted to the voters for approval to impose, increase or reduce a tax by a political subdivision, including a city, county, school district or special taxing unit. The proposition includes the estimated additional tax burden or reduction in tax burden (if reducing the tax) that would be imposed on a homestead of median value in the political subdivision, as computed by the appraisal district, after imposing, increasing or reducing the tax if approved and a detailed description of the purposes for the imposed or increased tax. The proposition for issuing bonds may not exceed 5,000 characters or a different limit prescribed by the Secretary of State that ensures the proposition does not exceed one page of the ballot or one screen on electronic voting machine. Chapter 1251 as amended addresses the ballot for bonds issued by a political subdivision, including the bond purpose, total principal, current total bond amount secured by property taxes, amount of taxes required on median value homestead to repay current bonds and the estimated tax burden to pay the bonds to be approved. The two Senate Floor Amendments to SB 2219 provide the following: (1) Adds that this change does not apply to elections under Water Code Section 49.102; (2) Amends Education Code Section 45.003 that issuing bonds for construction of school buildings or acquiring equipment may be submitted to the voters in a single ballot proposition, except that bonds for the following purposes must be stated as a separate~~

proposition: stadium, natatorium, another recreational facility other than a gym, performing arts facility, teacher housing and acquiring or updating technology equipment other than for school security; (3) Requires the ballot to use plain language; and (4) Adds that each single specific purpose requiring voter approval must be printed on the ballot as a separate proposition. House Committee Substitute SB 2219 also amends Election Code 3.009 that the debt is payable from property taxes and states the maximum number of years (rather than 40 years). A political subdivision submits to the voters a proposition for approving debt obligations shall prescribe the wording of the proposition that appears on the ballot.

Proposed Effective: 9/1/2019.

Status: SB 1026 left pending in Senate Property Tax 4/2/19. SB 1224 left pending in Senate Property Tax 4/16/19. SB 2219, with two Senate Floor Amendments, reported as substituted from House Pensions/Investments/Financial Services 5/15/19.

~~SUPERMAJORITY OF VOTERS REQUIRED TO APPROVE BOND ELECTION~~

~~**SB 1090 Campbell**~~

~~Adds Election Code 2.101~~

~~Substitute SB 1090 requires that a supermajority of at least 60% (3/5ths) of the voters voting in the bond election must be in favor of authorizing the bonds.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: Substitute SB 1090 set on Senate Calendar 5/20/19.**~~

~~BOND PETITION AND BALLOT HAVE REVISED REQUIREMENTS~~

~~**SB 1225 Bettencourt**~~

~~Adds Election Code 233.0115, Chapter 273F, 277.005, Chapter 277B, repeals 277.004 and amends 52.072, 253.094 and other sections; amends Local Government Code 9.004~~

~~SB 1225 addresses the bond petition, proposition and ballot for bond elections. A proposition must substantially submit the question with definiteness and certainty that voters are not misled. A registered voter may submit a proposition to the Secretary of State no later than seven days after the election is ordered. The Secretary of State shall determine if the proposition is misleading or inaccurate. The bill~~

~~provides for other provisions dealing with a home-rule city.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 1225 referred to House Elections 4/29/19.**~~

~~SCHOOL TAX RATE RATIFICATION ELECTION HELD ON NOVEMBER ELECTION DATE, ALONG WITH DEADLINE CHANGES IN THE APPRAISAL PROCESS~~

~~**SB 1227 Bettencourt**~~

~~Amends 11.4391, 22.23, 25.19, 25.22, 26.01, 26.04, 26.05, 26.06, 26.08, 41.12~~

~~SB 1227, while similar to SB 600, only applies to school district tax rate ratification elections. The bill changes deadlines so that a tax rate adopted above the school's rollback tax rate be adopted before August 15, so that voters can vote on the adopted rate at a November election. The bill contains some of the same deadline changes as SB 2, but not the changes to the rate calculations. The deadline for filing a late application for exemption for freeport goods is changed to June 1 (from June 15). The rendition deadline is moved to no later than May 1 (from May 15). Notices of appraised value are sent by April 15 for all properties (moved from April 1 and May 1). The chief appraiser submits records to the ARB by May 1 (from May 15). The chief appraiser submits preliminary values to taxing units May 15 (from April 30). The ARB approves the records by July 5 (from July 20). The chief appraiser certifies values by July 10 (from July 25). The tax assessor gives the taxing unit's governing body total values, including new properties, by July 15 (from August 1). The tax collector gives the anticipated collection rate by July 15 (from August 1). The designated officer or employee provides the effective and rollback rates to the taxing unit's governing body by July 22 (from August 7) and publishes in newspaper by July 27. The taxing unit must adopt a rate before the later of September 30 or 60 days after receipt of certified appraisal roll, except that a tax rate adopted above the rollback rate must be adopted before August 15. The meeting to vote on the tax rate by the taxing unit must be three to seven (not 14) days after the second public hearing on a tax increase. (This change is one that would not apply to school districts.) The changes apply to a tax rate beginning with the 2020 tax year. The Comptroller notifies the appraisal districts and~~

taxing unit of deadline changes. Substitute SB 1227 adds for an automatic one time request for rendition deadline extension.

Proposed Effective: 1/1/2020, except the Comptroller notice requirement is immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: Substitute SB 1227 left pending in Senate Property Tax 4/9/19.

ELECTION RESULTS POSTED ON WEBSITES

SB 1229 Bettencourt

Adds Election Code 65.016

SB 1229 requires that a county, city or school district that holds an election or that provides election services and maintains a website shall post on its website the following: results of each election, total number of votes cast and total number of votes cast for each candidate or for / against each measure. The information must be provided as soon as practicable after the election. The information must be accessible without having more than two selections or view more than two network locations. Substitute SB 1229 adds that a county that holds or provides election services shall post on its website, if it maintains one, the results for an election that the county administered.

Proposed Effective: 9/1/2019.

Status: Substitute SB 1229 reported from House Elections and recommended for House Local/Consent Calendar 5/1/19.

ZERO BASED BUDGETING REQUIRED BY SCHOOL DISTRICTS, CITIES AND COUNTIES

SB 1315 Bettencourt

Adds Education Code 44.0025; adds Local Government Code 102.0035, 111.0345, 111.0635

SB 1315 requires zero based budgeting for certain school districts, cities and counties. For a school district, the enrollment is 50,000 or more, and also for the Harris County Department of Education. For cities and counties, the population is 225,000 or more. The total amount of expenditures attributable to property tax revenue in the zero based budget may not exceed the amount calculated by multiplying the effective tax rate by last year's total value. The school superintendent, city budget officer or the county auditor or budget officer shall prepare an initial zero-

based budget for the fiscal year that begins on or after September 1, 2021.

Proposed Effective: 9/1/2019.

Status: SB 1315 referred to House County Affairs 5/13/19.

MANDATORY ELECTION REQUIRED FOR TAX RATE ADOPTED ABOVE ROLLBACK RATE

SB 1395 Seliger

Amends 26.08, 26.16, 31.12, 33.08; repeals 26.07; amends Education Code 130.016; amends Health & Safety Code 281.124; amends Local Government Code 140.010; 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 and repeals 49.236 and 49.2361

SB 1395 provides that all rollback tax elections are converted to tax ratification elections with no requirement for a citizen petition to initiate a vote on the rate. Taxing units hold an election if adopting a tax rate above the rollback tax rate. Substitute SB 1395 is being drafted.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective on the 91st day after the last day of the legislative session.

Status: Substitute SB 1395 left pending in Senate Property Tax 4/16/19.

TERMS CHANGE IN TRUTH IN TAXATION RATE CALCULATIONS

SB 1430 Hancock

Amends 26.012, 26.04, 26.041, 26.043, 26.045, 26.05, 26.06, 26.07, 26.08, 26.16; amends Education Code 42.2522, 44.004, 45.261; amends Health & Safety Code 281.107, 281.124; amends Local Government Code 102.007, 111.008, 111.039, 111.068, 140.010; amends Special District Local Laws Code 1063.255, 1122.2522; amends Water Code 49.236, 49.2361

Substitute SB 1430 changes the rollback tax rate name to the voter approval tax rate throughout the Tax Code and other Codes. The bill also changes the effective tax rate to the "no new revenue" rate.

Proposed Effective: 1/1/2020.

Status: Substitute SB 1430 left pending in Senate Property Tax 4/9/19.

~~15% VOTER TURNOUT REQUIRED FOR BOND OR TAX RATE ELECTION NOT HELD IN NOVEMBER OF EVEN NUMBERED YEAR~~

~~**SB 1613 Hall**~~

~~Adds Election Code Chapter E, Subchapter E~~

~~Substitute SB 1613 addresses an election that is *not* held on the November uniform election date of an even numbered year. Held on another date, an election to authorize issuing bonds or a tax increase has no effect unless more than 15% of the registered voters (not 25% as stated in the filed version) in the political subdivision holding the election vote in the election in which the bond or tax proposition is on the ballot. The number of registered voters are those effective on the date of the election.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2019.~~

~~**Status: Substitute SB 1613 set on Senate Calendar 5/14/19.**~~

~~LOCAL TAX RATE ADJUSTMENT ADDRESSES EXPANDED MEDICAL ASSISTANCE ELIGIBILITY~~

~~**SB 1752 Rodriguez**~~

~~Adds 26.0443; adds Human Resources Code 32.02472~~

~~SB 1752 adds that a hospital district or county decreases its effective and rollback tax rate in the first tax year in which the state expands its medical assistance eligible and provides federal matching money to the district or county. The effective and rollback rates are decreased by the amount in reduced uncompensated care costs realized by the district or county divided by its current total value. The Health and Human Services Commission shall act to expand eligible medical assistance, including notifying the appropriate federal agencies.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 1752 referred to Senate Health & Human Services 3/14/19.**~~

~~STEPS IN TRUTH IN TAXATION FOR CHAPTER 311 PAYMENT AND VALUE REPEALED~~

~~**SB 2337 Bettencourt**~~

~~Repeals 26.03~~

~~SB 2337 repeals the calculation steps that deduct the tax increment financing (TIF) payments and the captured appraised value for a Chapter 311 TIF zone in the Truth in Taxation calculations of the effective and rollback tax rates.~~

~~Proposed Effective: 1/1/2020.~~

~~**Status: SB 2337 left pending in Senate Property Tax 4/16/19.**~~

~~SCHOOL ROLLBACK TAX RATE COMPARES TWO RATES, ONE WITH 2.5% INCREASE RATHER THAN 4 CENTS~~

~~**SB 2503 Bettencourt**~~

~~Amends 26.08~~

~~SB 2503 changes the school rollback tax rate to be the lesser of the following: (1) the sum of the rate that is equal to the product of the state compression percentage for the current year and \$1.50; plus \$0.04; plus the rate that is equal to the sum of the differences for the 2006 and each subsequent tax year between the adopted tax rate for that year if the rate was approved at an election and the rollback tax rate for that year; plus the district's current debt rate or (2) the rate equal to the product of the effective M&O rate and 2.5% plus the district's current debt rate. The change begins with the 2020 tax year.~~

~~Proposed Effective: 1/1/2020.~~

~~**Status: Substitute SB 2503 left pending in Senate Property Tax 4/16/19.**~~

~~STEPS IN TRUTH-IN-TAXATION FOR ADDITIONAL SALES TAX DO NOT APPLY TO CERTAIN HOSPITAL DISTRICTS~~

~~**SB 633, SB 750, SB 1621 Kolkhorst**~~

~~Amends 26.012~~

~~These bills address hospital districts that levy an additional sales tax under Subchapter G, Chapter 1061, Special District Local Laws Code. These hospital districts do not adjust the property tax rate for the additional sales tax. These bills were amended by the House Public Health Committee to add this provision.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 633 reported as amended by House Public Health 5/15/19 and set on House Calendar 5/20/19. SB 750 reported as amended by House Public Health 5/15/19 and set on House Calendar 5/20/19. SB 1621 reported as amended by House**~~

Public Health 5/15/19 and set on House Calendar 5/20/19.

CODE CITATION CHANGED IN TRUTH-IN-TAXATION CHAPTER 26

HB 4174 Leach
Amends 26.041

HB 4174 makes nonsubstantive revisions of the event reimbursement programs, including the Pan American Games trust fund, Olympic Games trust fund and others. It changes the Tax Code reference for sales and use tax revenue that is not considered in calculating the effective and rollback tax rates. The current cite to Vernon's Texas Civil Statutes is changed to Government Code Chapter 476 or 477. Proposed Effective: 4/1/2021.

Status: HB 4174 passed Senate 5/15/17 and sent to Governor 5/17/19.

Tax Collections

SCHOOL M&O TAX INFORMATION ADDED TO A PROPERTY TAX BILL

SB 328 Seliger; similar to SB 343 Watson
Amends 31.01

~~These bills require that a school property tax bill include additional information for a Chapter 41 (wealthy) school district that equalizes its wealth by purchasing average daily attendance credits from TEA. SB 328 requires that the Chapter 41 district's tax bill shall include or separately state the percentage of M&O taxes imposed for the current tax year that the district is required to send to the state and the percentage of M&O taxes imposed that remain with the district. For a non Chapter 41 district, 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 district in the current year and the percentage of state funds for M&O in the preceding tax year.~~

~~SB 343 states the exact language to be used on the tax bills, including how much taxes will be paid to the state to fund other school districts by a Chapter 41 district. Non Chapter 41 districts will include how~~

~~much revenue is funded by the state. The tax assessor for the school district may use information included in the most recent summary of finances report provided to the school district by the Texas Education Agency or may request that the school district provide the most accurate information.~~
Proposed Effective: 1/1/2020.

~~**Status: SB 328 referred to Senate Property Tax 2/7/19. SB 343 referred to Senate Property Tax 2/7/19.**~~

TAX COLLECTOR SENDS REFUND TO THE OWNER WHEN TAX WAS PAID AND TO MAILING ADDRESS ON APPRAISAL ROLL, UNLESS OWNER REQUESTS A PARTICULAR ADDRESS

HB 3243 Murphy; SB 1856 Paxton

Adds 1.071 and amends 11.431, 11.439, 26.112, 26.1125, 26.1127

SB 1856 requires that a tax collector shall send a tax refund to the person's mailing address as listed on the appraisal roll. If a person files a written request with the collector or taxing unit that a refund owed the person be sent to a particular address, the collector or unit shall refund to the address stated in the request. The collector shall refund to the person who was the owner of the property on the date the tax was paid. This applies to late filed homestead exemptions, late filed disabled veteran's exemption and proration on certain homesteads.

Proposed Effective: 9/1/2019.

~~**Status: HB 3243 received in Senate 5/13/19 and referred to Senate Property Tax 5/14/19. SB 1856 passed House 5/17/19 and will go to the Governor.**~~

PROPERTY TAXES ARE PRORATED WITH GOVERNMENT POSSESSION AND USE AGREEMENT

SB 2083 Hinojosa
Amends 26.11

SB 2083 adds that the property taxes are prorated once the government takes possession of taxable property under a possession and use agreement under Property Code 21.021.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: SB 2083 reported from House Ways & Means 5/16/19 and set on House Local Calendar 5/22/19.

~~PREPAYMENT OF TAXES TO ESCROW ACCOUNT CHANGED~~
SB 1007 Bettencourt
Amends 31.072

~~SB 1007 changes the escrow account for the prepayment of taxes. At the request of a property owner, the collector shall enter into a contract for an escrow account for the prepayment of current year taxes. Current law states that the collector has the option. Monthly deposits by the owner are not required. The owner may deposit at any time until the earlier of the estimated taxes accrues in the account or the tax bill is prepared. The contract shall state the estimated amount the owner would need to deposit monthly. The contract may not require a schedule of deposits or prescribe a minimum amount to be deposited.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 1007 left pending in House Ways & Means 5/8/19.**~~

~~COUNTY TAX ASSESSOR COLLECTOR REPLACES SCHOOL EMPLOYEE FOR SCHOOL TAX ASSESSMENT AND COLLECTION~~
SB 1309 Bettencourt
Amends 6.22, 6.23, 6.27; amends Education Code 11.1511, 45.231 and repeals 45.232

~~SB 1309 requires that the school property taxes in a county be assessed and collected by the county tax assessor collector. The law change does not apply to a contract by the school district before the effective date that requires a person other than a school employee to assess or collect, or both, the school taxes. Senate Floor Amendment adds an exception: The school board may employ a person to assess or collect taxes for the 2020 and following tax years, if the board employed a person to assess or collect the district's taxes for the 2017, 2018 and 2019 tax years and the board determines that the total cost of tax collection by that person for those three years is less than the total collection costs by the county tax assessor collector for those three years. Not later than February 1 of every third year, beginning with the 2023 tax year, the school board that employs a person~~

~~must determine whether the total collection cost of the district's taxes for the applicable preceding three tax years is greater than the total collection cost by the county assessor collector for those three years. The school board may not employ a person for the next tax year in which the board determines that the costs exceed those of the county tax assessor collector's costs.~~

~~See also *County Tax Assessor Collectors*.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 1309, with one Senate Floor Amendment, referred to House Public Education 5/6/19.**~~

~~RESERVOIR PROPERTY HAS PAYMENT IN LIEU OF TAXES EQUAL TO PROPERTY TAXES~~
SB 1606 Hall
Adds Water Code 49.159

~~SB 1606 addresses payments in lieu of taxes made by certain water districts on property used as a reservoir. The district that owns reservoir property shall pay to the taxing unit in which the property is located, on or before January 1 of each year, as a payment in lieu of taxes, an amount equal to the property taxes that would have been imposed for the year in which the district acquired the reservoir property, without including the value of any improvements constructed on the property.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 1606 referred to Senate Water & Rural Affairs 3/14/19.**~~

~~EIGHT INSTALLMENT PAYMENTS ALLOWED FOR VETERANS AND MILITARY MEMBERS~~
SB 2323 Creighton
Adds 31.033

~~SB 2323 provides that a veteran or active duty member of the military may pay taxes in eight installments on a residence homestead or business property. The property is the veteran or member's residence homestead that has fewer than five living units. The veteran's or military member's owned or leased business entity has on the tax due date not had more in gross receipts in the most recent federal tax year or state franchise tax annual period than the limit on gross receipts calculated for the current tax year. The business property includes both real and tangible personal property. The veteran or military member~~

pays the first installment before the delinquency date with a notice to the taxing unit that the veteran or active duty member will pay the remaining taxes in seven equal installments. If the delinquency date is February 1, the remaining payments are as follows: payment 2 due April 30, payment 3 due July 31, payment 4 due October 31, payment 5 due January 31 of the following year, payment 6 due April 30 of next year, payment 7 due July 31 of next year and payment 8 due October 31 of next year. If the delinquency date is after February 1, then the payment dates are adjusted accordingly. If a payment is not made, that unpaid installment is delinquent and incurs a penalty of six percent and interest at one percent per month. The payment may be for more than the amount due for an installment, and the excess is credited to the next installment. A lesser amount for an installment payment may not be paid, unless the collector accepts partial payments. If so, then penalty and interest is only due on the remaining amount of that installment payment. Active duty service member is a person on full-time duty status in the active uniformed service, including the National Guard and Reserve on active duty orders. A veteran includes all branches of the U. S. military, including the coast guard or an auxiliary service of one of the branches of the armed forces.
Proposed Effective: 9/1/2019.

Status: SB 2323 referred to Senate Property Tax 3/21/19.

EIGHT INSTALLMENT PAYMENTS ALLOWED FOR PROPERTY DAMAGED IN A DISASTER

SB 2327 Creighton

Amends 31.032

SB 2327 provides that a property owner may pay taxes in eight installments on a property damaged in a disaster. Current law has four equal installment payments. The owner pays the first installment before the delinquency date with a notice to the taxing unit that the owner will pay the remaining taxes in seven equal installments. If the person misses that deadline and pays the first installment in the first month of delinquency, then only that payment has delinquent penalty and interest. If the delinquency date is February 1, the remaining payments are as follows: payment 2 due April 30, payment 3 due July 31, payment 4 due October 31, payment 5 due January 31 of the following year, payment 6 due April 30 of next year, payment 7 due July 31 of next year and payment

8 due October 31 of next year. If the delinquency date is after February 1, then the payment dates are adjusted accordingly.

Proposed Effective: 1/1/2020.

Status: SB 2327 referred to Senate Property Tax 3/21/19.

Delinquent Tax Litigation

INTEREST RATE ON TAX DEFERRAL OR ON ABATEMENT OF DELINQUENT TAX LAWSUIT CHANGED

SB 738 Hughes; similar SB 2544 Menendez

HB 1148 and SB 738 amend 33.06, 33.065

SB 2544 amends 33.06

These bills change the interest rate on a tax deferral or abatement of a delinquent tax lawsuit. SB 738 changes the rate from 5% annual interest rate in effect for each calendar year or portion of a calendar year during the deferral or abatement period to the five-year Constant Maturity Treasury Rate reported by the Federal Reserve Board as of January 1 of that year. This same change in interest rate also applies to the deferred collection of taxes on an appreciating residence homestead, for which that interest rate is currently 8%. The change in the interest rate applies to interest that accrued during a deferral or abatement period before September 1, 2019, if the tax remains unpaid as of that date. In January 2019, the five year Constant Maturity Treasury Rate was around 2.5%.

SB 2544 lowers the tax deferral interest rate on certain residence homesteads from 5% to 2.5%, including 65 of older homeowner, disabled homeowner, disabled veteran or homestead of a surviving spouse of a first responder killed in line of duty.

Proposed Effective: 9/1/2019. SB 2544 effective 1/1/2020, for interest accruing on or after 1/1/2020.

Status: SB 738 referred to Senate Property Tax 3/1/19. SB 2544 left pending in Senate Property Tax 4/16/19.

COUNTY COMMISSIONERS COURT MAY
ADOPT RULES FOR AUCTION OF TAX
FORECLOSED PROPERTY USING ONLINE
BIDDING AND SALE

HB 1652 Huberty; SB 1361 Bettencourt

Amends 34.05

HB 1652 adds that the county commissioners court may adopt rules providing for public auction of foreclosed tax properties using online bidding and sale. Current law provides that the sales shall (now must) be conducted in the manner prescribed by the Texas Rules of Civil Procedure for the sale of property under execution. The new language adds a second method to follow.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: HB 1652 reported from Senate Property Tax and set on Senate Local Calendar 5/20/19. SB 1361 left pending in Senate Property Tax 4/16/19.

ACTIVE MILITARY PERSON MAY FILE TAX
DEFERRAL

HB 1883 Greg Bonnen

Amends 31.02, 33.01

HB 1883 allows an active military person to defer property tax payment with interest accruing at 6% and incurring no penalty for 60 days. The bill also removes the requirement about being “during a war or national emergency declared in accordance with federal law.”

Proposed Effective: 9/1/2019.

Status: HB 1883 left pending in Senate Property Tax 5/16/19.

GOVERNING BODY MAY WAIVE
DELINQUENT PENALTY AND INTEREST IN
MORTGAGE ERROR

HB 1885 Greg Bonnen

Amends 33.011

HB 1885 adds that the taxing unit’s governing body may waive penalty and interest on a delinquent tax if the property is subject to a mortgage that does not require the property owner to fund an escrow account, the tax bill was mailed to the property’s mortgagee who failed to send a copy to the owner and the taxpayer paid the tax within 21 days after the date the

taxpayer knew or should have known of the delinquency.

Proposed Effective: 1/1/2020.

Status: HB 1885 left pending in Senate Property Tax 5/16/19.

PROPERTY HELD IN TEXAS BULLION
DEPOSITORY NOT EXEMPT FROM
DELINQUENT TAX LIEN

HB 2458 Capriglione

Adds Government Code 2116.0215, 2116.027 and 2116.028 and amends other sections; amends various Finance Code sections

HB 2458 addresses revisions to the Texas Bullion Depository. In addition to other changes, new Section 2116.028 addresses exemption from creditors’ claims from garnishment, attachment, execution or other seizure if the property held in the depository has an aggregate fair market value of not more than \$1 million. The exemption, however, does not apply to a debt, judgment, lien or claim, including a tax delinquency, asserted by a political subdivision of this state. The section also does not increase the personal property exemptions available to a person in a bankruptcy proceeding. HB 2458 keeps the oversight committee of the Governor, Lt. Governor and Senate. The Texas Bullion Depository may sell commemorative gold and silver coins.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: Substitute HB 2458, with two House Floor Amendments, passed Senate 5/10/19 and sent to Governor 5/14/19.

COSTS OF TAX FORECLOSURE SALE
INCLUDE AUCTIONEER’S FEE

HB 2650 Goodwin

Amends 34.01

HB 2650 adds that the costs of a tax foreclosure sale include an auctioneer’s commission and fees. A “licensed” auctioneer is not required.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: Substitute HB 2650 passed Senate 5/15/19 and sent to Governor 5/17/19.

~~CONTINGENCY FEE CONTRACTS FOR LEGAL SERVICES ADDRESSED, EXCLUDING CONTRACTS FOR DELINQUENT PROPERTY TAXES~~

HB 2826 G Bonnen

Adds Government Code 2254.1032, 2254.1034, 2254.1036, 2254.1037, 2254.1038, 2254.110; amends 2254.101, 2254.102, 2254.103, 2254.104, 2244.108, 2244.109; and repeals 403.0305

Substitute HB 2826 addresses a contingent fee contract for legal services by a state agency or a political subdivision, but excludes a contract by a political subdivision for legal services under Tax Code Section 33.41, which pertains to delinquent tax collections. The bill also excludes legal services under Government Code Section 1201.027, with some exceptions. Three House Floor Amendments were added to the bill.

Proposed Effective: 9/1/2019.

Status: Substitute HB 2826, with 3 House Floor Amendments, reported from Senate State Affairs 5/14/19 and set on Senate Local Calendar 5/20/19.

~~TAX COLLECTOR MAY HAVE POLICY ON PAYMENT FOR CERTAIN DELINQUENT TAXES; PROCESS CHANGED FOR VACATING A JUDGEMENT FOR TAX FORECLOSURE~~

SB 2427 Bettencourt

Amends 31.06, 33.56, 34.01

SB 2427 adds that a tax collector may adopt a written policy that requires payment of taxes, penalties, interest, attorney's fees, court costs and other costs only be with U. S. currency, a cashier's check or a certified check if the payment relates to seized personal property, foreclosure sale property or seized real property. A copy of a tax sale petition must be served in a manner authorized by Rule 21a, Texas Rules of Civil Procedure, on each party named in the judgment for foreclosure. To vacate a judgment for the foreclosure sale of a property, the court may grant the petition only if no party named in the judgment files an objection to granting the petition with the court on or before 30 days after each party is served notice. If a tax sale has occurred, the court must conduct a hearing on the petition unless the property's purchaser at the tax sale, or from the taxing unit to which the property was bid off, consents to the court's granting of the petition. The purchaser's consent is by

~~written memo or answer filed with the court, the purchaser's joinder in the petition or the signature of the purchaser to an agreed order to grant the petition. If the purchaser does not consent, the purchaser is served with the petition following Rule 106, Texas Rules of Civil Procedure, or a manner provided by the Civil Practice Remedies Code, the Business Organizations Code or the Estates Code. If the court agrees with the petition to vacate the judgement or any sale, the purchaser is refunded the amount paid for the property at the sale or to the taxing unit not later than 60 days after the signed court order. The sale of personal property, including a manufactured home, may be conducted at the same place as the sale of real property or at the location of the personal property. Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.~~

Status: SB 2427 referred to Senate Property Tax 3/21/19.

~~PROPERTY TAX LIEN FOR ERRONEOUS EXEMPTION IS NOT ENFORCEABLE TAX LIEN ON A NEW OWNER~~

SB 434, SJR 31 Hinojosa

Amends 11.43

SB 434 and SJR 31 constitutional amendment provide that, if the chief appraiser adds property or value that was erroneously exempted in a prior year to the appraisal roll, a tax lien may not be enforced against the property to secure the taxes, penalties and interest imposed if, at any time after January 1 of the tax year, the property was sold in an arm's length transaction to a person not related to the seller within the first degree by blood or marriage.

Proposed Effective: Date voters approve constitutional amendment November 5, 2019.

Status: SB 434 and SJR 31 referred to Senate Property Tax Committee 2/14/19.

~~ATTORNEY GENERAL APPROVAL OF CONTINGENT FEE CONTRACTS DOES NOT APPLY TO DELINQUENT PROPERTY TAX COLLECTION CONTRACTS~~

SB 970 Creighton

Adds Local Government Code 140.012; repeals Government Code 403.0305

SB 970 requires the Attorney General to review and approve a contingent fee contract before the public

~~entity may enter into the contract. Substitute SB 970 excludes contracts to collect delinquent property taxes under Tax Code Section 6.30 and Chapter 33; contracts to collect delinquent court fines and fees under Code of Criminal Procedure Article 103.0031; contracts to collect delinquent accounts receivables, including weed liens and paving liens; contracts for services with issuing a public security; or a type of contract that the Attorney General by rule deems insignificant for the risk involved or existence of statutory authority.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.~~

~~**Status: Substitute SB 970 referred to House Judiciary & Civil Jurisprudence 5/13/19.**~~

~~INTEREST RATE FOR DEFERRAL OF APPRECIATING HOMESTEAD VALUE LOWERED~~

~~**SB 1280 West**~~

~~Amends 33.065~~

~~SB 1280 lowers the interest rate from 8% to 5% for the deferral or tax abatement agreement for taxes on an appreciating homestead value. The rate change applies to interest that accrues on or after the effective date. Interest that accrued before the effective date does not change.~~

~~Proposed Effective: 1/1/2020.~~

~~**Status: SB 1280 left pending in House Ways & Means 5/15/19.**~~

~~NOTICE REQUIRED TO PRE-EXISTING RESIDENTIAL TENANT OCCUPYING PROPERTY SOLD AT TAX FORECLOSURE SALE~~

~~**SB 1440 Zaffirini**~~

~~Amends 33.51; amends Property Code 24.005~~

~~SB 1440 addresses any notice to vacate that may be required to be given to a tenant under Property Code Section 24.005(b-1) when executing the writ at a tax foreclosure sale. If a building is purchased at a tax foreclosure sale and is occupied by a residential tenant and the tenant timely pays rent and is not in default, the tenant (1) may occupy the tenant's unit until the lease term ends if the lease was entered into before the date the building titled is transferred to the successor before the foreclosure. The successor in interest may terminate the lease effective on the sale date of the~~

~~unit to the purchaser who will occupy it as a primary residence if the successor give the tenant at least 90 days' written notice to vacate, or (2) must vacate the tenant's unit if the tenancy is without a lease or the lease has terminated at will if the successor in interest gives the tenant at least 90 days' written notice to vacate.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 1440 referred to Senate Business & Commerce 3/14/19.**~~

~~PROPERTY OWNER'S RIGHT TO REDEEM TAX FORECLOSED PROPERTY MAY NOT BE TRANSFERRED~~

~~**SB 1642 Miles**~~

~~Amends 34.21~~

~~SB 1642 adds that a property owner who is entitled to redeem property sold at a foreclosure sale may not transfer the owner's right to redemption to another person. Any instrument purporting to transfer the owner's right of redemption is void.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.~~

~~**Status: SB 1642 reported from House Ways & Means 5/15/19 and set on House Local Calendar 5/22/19.**~~

~~TAXING UNIT MAY WAIVE PENALTY AND INTEREST ON DELINQUENT TAXES OF CERTAIN FEDERAL EMPLOYEES DURING GOVERNMENT SHUTDOWN~~

~~**SB 1703 Lucio**~~

~~Amends 33.011~~

~~SB 1703 allows a taxing unit's governing body to waive penalties and interest on a delinquent tax of certain federal employees. The taxpayer submits evidence showing that at any time during the period beginning on the date of receipt of the tax bill and ending on the delinquency date, the taxpayer was a federal employee who was considered nonessential or furloughed or working without pay during a federal government shutdown. This waiver applies only to the penalties and interest on a property tax that becomes delinquent on or after the bill's effective date.~~

~~Proposed Effective: 1/1/2020.~~

~~**Status: SB 1703 referred to Senate Property Tax 3/14/19.**~~

County Tax Assessor-Collectors

~~COUNTY TAX ASSESSOR COLLECTOR REPLACES SCHOOL EMPLOYEE FOR SCHOOL TAX ASSESSMENT AND COLLECTION~~

SB 1309 Bettencourt

~~Amends 6.22, 6.23, 6.27 ; amends Education Code 11.1511, 45.231 and repeals 45.232~~

~~SB 1309 requires that the school property taxes in a county be assessed and collected by the county tax assessor collector. The law change does not apply to a contract by the school district before the effective date that requires a person other than a school employee to assess or collect, or both, the school taxes. Senate Floor Amendment adds an exception: The school board may employ a person to assess or collect taxes for the 2020 and following tax years, if the board employed a person to assess or collect the district's taxes for the 2017, 2018 and 2019 tax years and the board determines that the total cost of tax collection by that person for those three years is less than the total collection costs by the county tax assessor collector for those three years. Not later than February 1 of every third year, beginning with the 2023 tax year, the school board that employs a person must determine whether the total collection cost of the district's taxes for the applicable preceding three tax years is greater than the total collection cost by the county assessor collector for those three years. The school board may not employ a person for the next tax year in which the board determines that the costs exceed those of the county tax assessor collector's costs.~~

~~See also *Tax Collections*.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 1309, with one Senate Floor Amendment, referred to House Public Education 5/6/19.**~~

School Finance

HOUSE "THE TEXAS PLAN" ADDS \$9 BILLION TO SCHOOL FINANCE; SENATE PLAN HAS PLACEHOLDERS

HB 3 Huberty

HB 3 amends 26.08; amends many Education Code sections; amends Government Code sections
SB 4 does not amend 26.08

Senate Substitute HB 3 adds 26.151 and amends 11.13, 11.26, 21.01, 21.02, 25.23, 25.25, 26.04, 26.08, 26.09, 26.15, 31.01, 31.02, 311.013, 312.002, 312.210, 313.027

Senate adopted Senate Substitute HB 3, with 49 Senate Floor Amendments. The Senate Substitute HB 3 varies from or changes to the House Substitute HB 3, including some of these:

- 1) Reduces Tier 1 tax rates by 10 cents to \$0.90 in fiscal years 2020 and 2021, based on a new Tax Reduction and Excellence in Education (TREE) fund. The TREE fund receives revenue from oil and gas severance taxes (\$2.3 billion), revenue from the available school fund (\$300 million) and increased sales taxes from online sales (\$300 million). SJR 77 establishes the TREE fund. School districts with faster-growing property values cannot exceed 2.5% (or different inflation amount) than the prior year. The House compresses the tax rate by 4 cents to \$0.96, and a further reduction if the sales tax increase is passed.
- 2) Does *not* increase the school general homestead exemption to \$40,000, which was in the Senate Education Committee version but removed to meet available funding. The House version does not change the homestead exemption amount.
- 3) Requires current year property values by the Comptroller. House Substitute HB 3 retains the prior year property values in existing law. The property values are used in calculating state aid and recapture amounts.
- 4) Changes recapture to require Tier 1 be filled before calculating required recapture payment, which lowers the recapture. The House version also makes this change. The difference is in current versus prior year values.
- 5) Adds \$740 per student to the basic allotment to \$5,880. The House version adds \$890 per student to the basic allotment of \$6,030.
- 6) Sets the golden penny yield at \$96.48 and retains the 6 cents. The House has \$96.48, along with a floor of the 96th percentile of wealth per student, and moves to 8 golden pennies.
- 7) Includes the \$5,000 salary allotment for full-time teachers and librarians, with an additional 10.05% for benefit increases, at a Senate cost of \$4.1 billion in a separate bill (SB 3). Senate Floor Amendment # to Substitute HB 3 requires that at least 90% of each salary allotment at the campus at which the teacher for whom the district received the allotment is employed.

The House requires districts to spend 25% of new additional revenue for salary increases and is more flexible.

8) Moves to a stand-alone small and mid-sized adjustment. The House varies on how to phase this out and interacts with special education allotment.

9) Adds outcomes funding tied to third-grade reading scores and preparation for college, career and military. The House does not include outcomes funding.

10) Expires hold-harmless after 2024. The House also does. A hold-harmless based on the lesser of current law or 128% of the state average revenue per average daily attendance.

11) Adds by Senate Floor Amendment # to Senate Substitute HB 3 to require an efficiency audit prior to calling for a tax ratification election (TRE). The House requires such efficiency audit.

12) Requires that TRE is held on the next uniform election date that occurs, which would be November. The House has the same.

13) Adds additional state aid for certain districts that are the only school district in the county, with an enrollment of less than 300 students.

Other differences between the Senate and House versions are noted below:

Substitute HB 3 is called “The Texas Plan” and adds \$9 billion to the school finance system. Some of the key points include the following: (1) compresses school tax rates by four cents, with Tier 1 at the first \$0.96; Tier 2 “golden pennies” for the next eight cents in fiscal year 2020, a floor amendment change; (2) maintains the \$1.17 cap for M&O rates to allow for more M&O capacity; (3) allows school districts with existing authority to tax above \$1.17 for M&O to maintain that ability; (3) grants Education Commissioner authority to adjust for unintended consequences for two years; (4) increases the basic allotment from \$5,140 to \$6,030, adjusted down for districts with M&O tax rates below \$0.96; (5) calculates recapture from Chapter 41 districts, with a hold-harmless provision for three years; (6) addresses full-day pre-K for eligible students; (7) updates the transportation funding model, with a \$1 per mile reimbursement. In addition to the Senate changes highlighted above, the Senate Substitute HB 3 does not include the title “The Texas Plan.”

House Substitute HB 3 adds that 25% of any increase in the basic allotment must be used to provide salary increases to full-time employees. SB 3 adds the Senate’s plan of \$5,000 to the salaries of all teachers and librarians.

House Substitute HB 3 provides funding to compensate school districts for interest that districts must pay when issuing a tax refund. This issue stems from the gas compressor litigation that required school districts to refund taxes, with interest. While the taxes are considered in the school formula, the current law did not address interest on those refunds. The Senate Substitute HB 3 does not contain this provision.

House Substitute HB 3 allows that a Chapter 41 school district could pay its recapture obligation in a single lump-sum payment every August. Senate Substitute HB 3 by Senate Floor Amendment added this provision that a Chapter 41 school district may make an August single lump-sum payment.

House Substitute HB 3 restricts a school district from holding a 2019 tax ratification election (TRE), unless the school district in its strategic plan adopted before January 1, 2019 in a school board public meeting proposed a tax rate calling for a 2019 TRE. Senate Substitute HB 3 also includes a restriction on the 2019 tax rate, unless the school district before January 1, 2019 adopted a strategic plan during a public meeting that proposed a 2019 M&O tax rate. The Senate version includes a rate limit and the ballot includes this statement: “THIS IS A PROPERTY TAX INCREASE.” Provisions for the school tax rate are also stated in the section *Truth-in-Taxation*.

House Substitute HB 3 requires that a school district seek an independent efficiency audit, prior to conducting any TRE. Effective January 1, 2020, a school district could choose an independent auditor to conduct the efficiency review and require the Legislative Budget Board to set the efficiency audit standards and guidelines. The auditor must complete the audit within three months of being selected. The school board holds an open meeting to discuss the audit findings and post the audit results on the district’s website at least 30 days before the TRE. An efficiency audit is not required for a TRE for two years following a disaster declared by the Governor.

Senate Floor Amendment to Senate Substitute HB 3 adds these provisions for an efficiency audit prior to calling a TRE.

Substitute HB 3 provides that, for the 2019 tax year, a school district that took action to comply with publication requirements under Education Code Section 44.004 before HB 3's effective date may amend the district's previously published notices to comply with changes made to the district's permissible and proposed tax rates as by posting those changes on the district's Internet website. A school district that complied with the law in effect at the time of the district's original publication may hold the district's scheduled public hearing as originally published. Senate Substitute HB 3 also includes this language for those schools that have started the budget and rate notice process.

House Substitute HB 3 changes the name of the "rollback tax rate" to the "voter-approved rate." The term "effective tax rate" changes to "no-new-revenue tax rate" if HB 2, or another bill, amends that term. This provision is not in the Senate Substitute HB 3.

A school tax rate ratification election, beginning with the 2020 tax year, is held on a uniform election date that provides sufficient time after the election order to comply with election law requirements. A tax rate adopted that requires a successful ratification election applies only in the year for which the rate is adopted. The amount by which that rate exceeds the district's ratification tax rate for that tax year may not be considered when calculating the district's ratification tax rate for the tax year following that year. The ballot language changes: "Voter approval of the ad valorem tax rate of ___ (insert adopted tax rate) in (name of school district) for the current year, a rate that will result in an increase of ___ (insert percentage increase in maintenance and operations tax revenue under the adopted tax rate as compared to maintenance and operations tax revenue in the preceding tax year) percent in maintenance and operations tax revenue for the district for the current year as compared to the preceding year, which is an additional \$___ (insert dollar amount of increase in maintenance and operations tax revenue under the adopted tax rate as compared to maintenance and operations tax revenue in the preceding tax year)."

Senate Substitute HB 3 also includes this provision but uses the word "ratifying."

Substitute HB 3 provides that the school district's 2019 voter-approved (formerly, rollback) tax rate is the sum of the following:

- (A) rate per \$100 of taxable value equal to the product of the state compression percentage, as determined under Education Code Section 48.255 for the 2019 tax year and \$1.00;
- (B) greater of:
 - (i) district's M&O rate for 2018 tax year, less sum of:
 - (a) \$1.00; and
 - (b) any amount by which the district is required to reduce the district's enrichment tax rate under Education Code Section 48.202(f), in the 2019 tax year; or
 - (ii) rate of \$0.04 per \$100 of taxable value; and
- (C) district's current debt rate.

For the 2020 and subsequent tax years, the voter-approved rate is the sum of the following:

- (A) rate per \$100 of taxable value that is equal to the product of the state compression percentage, as determined under Education Code Section 48.255 for the current year and \$1.00;
- (B) greater of:
 - (i) district's enrichment tax rate for preceding tax year, less any amount by which the district is required to reduce the district's enrichment tax rate under Education Code Section 48.202(f) in the current tax year; or
 - (ii) rate of \$0.05 per \$100 of taxable value; and
- (C) district's current debt rate.

For the 2020 tax year, a school district shall substitute "\$0.04" for "\$0.05" if the school board does not adopt by unanimous vote for that tax year a M&O tax rate at least equal to the sum of the rate described and the rate of \$0.05 per \$100 of taxable value. The Senate Substitute HB 3 uses \$0.04 and not \$0.05 in the rate calculation.

Substitute HB 3 changes the language on the public hearing notice for proposed budget and tax rate, published by the school district, to reflect changes in terminology. Senate Substitute HB 3 requires that the

notice include a statement that a school district may not increase the district's M&O tax rate to create a surplus in M&O tax revenue for the purpose of paying the district's debt service. It also changes the notice to reflect Education Code Chapter 48 rather than Chapter 42. Senate Substitute HB 3 also adds Education Code Section 45.0021 that a property owner is entitled to an injunction restraining collection of taxes by a district if the district adopts a M&O tax rate to pay debt service. The injunction action must be filed before the tax bills are substantially delivered.

Senate Floor Amendment to Senate Substitute HB 3 adds Tax Code 26.151 for the escrow account for property taxes, when the homeowner has a home loan under Finance Code Section 343.001. This provision expires September 1, 2023.

Senate Floor Amendment to Senate Substitute HB 3 is not effective unless SB 2, property tax relief, also passes. House Substitute HB 3 does not include this effective with SB 2.

Proposed Effective: House plan is effective 9/1/2019 for the 2019-2020 school year, with some sections set with other dates. The change to Section 26.08 begins with the 2019 tax year. Senate Substitute HB 3 is effective 9/1/2019 for the 2019-2020 school year, with some sections effective immediately and the Section 26.08 change is for the 2019 tax year.

Status: Senate Substitute HB 3, with 49 Senate Floor Amendments, passed Senate 5/6/19; House did not concur and appointed conference committee: Huberty-chair, Ashby, Bernal, Gonzalez of El Paso, and King of Hemphill; Senate appointed Senators Taylor, Nelson, Campbell, West and Watson 5/8/19; conference committee hearing 5/10/19.

~~SCHOOL FINANCE SYSTEM OVERHAULED~~

~~**SB 136 Rodriguez**~~

~~Adds Education Code 42.010 and 42.011 and amends and repeals various sections of Education Code~~

~~SB 136 requires a comprehensive review of the public school finance weights, allotments and adjustments with a report to the Legislature by December 1, 2020. The bills tie a school's wealth level to the greater of the M&O per weighted student available to Austin ISD or a district at the 95th~~

~~percentile in wealth per student. They remove the current wealth of \$319,500 of wealth per student. The bills increase the basic allotment from \$4,765 to \$5,440 or \$5,840, based on the Comptroller determination of Texas Consumer Price Index. The bills increase the multiplier for the adjusted basic allotment to 0.25, up from 0.2.~~

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

~~**Status: SB 136 referred to Senate Education 2/1/19.**~~

SCHOOL M&O TAXES ELIMINATED

HB 297 Murr

Adds 26.035 and amends 21.01, 21.02, 25.25, 26.012, 26.04, 26.05, 26.16, 31.01, 312.210; repeals 26.08, 26.085, 171.664; amends and repeals numerous sections in the Education Code; amends Government Code 403.109

Substitute HB 297 eliminates a school district's tax rate for maintenance and operations taxes purposes, beginning January 1, 2022. A school district may impose an "enrichment" tax rate, not to exceed \$0.17 per \$100 of value. A joint interim committee, composed of five House representatives and five Senators, to evaluate the effectiveness of increasing the sales tax rate or expanding the tax base of the sales tax for the support of school funding, the ability of the sales tax to adequately respond to annual changes in funding needs and the effect of the increased taxes on residents and businesses in Texas. The committee's report is due by November 1, 2020. The House Floor Amendments requires that, of the 10-member committee, two advisory members, one appointed by the Speaker and one by the Lt. Governor, be from an organization interested in the effect on low-income and moderate-income households. Another House Floor Amendment changed the composition of the committee, with non-voting advisory members. A final House Amendment provides that, after January 1, 2020, a school district may not levy an M&O tax rate. The school is entitled to funding under Education Code Chapters 42 and 46 as if the district could levy an M&O rate based on the state compressed rate and no local share.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: Substitute HB 297, with 4 House Floor Amendments, referred to Senate Finance 5/13/19.

~~STATE FUNDS 50% OF SCHOOL SYSTEM
MAINTENANCE AND OPERATION COSTS~~

~~**SB 852, SJR 40 Johnson; SB 1141, SJR 48 Watson**
Adds Education Code 42.25191; amends Tex. Const.
Art. 7, Section 1 and Art. 3, Section 49a~~

~~These bills and constitutional amendment require the state to fund at least 50 percent of the cost of maintaining and operating the school finance system. The Legislature may not consider local property taxes sent to the state by a school district in equalizing wealth. The Legislature shall set the basic allotment and the guaranteed level of state and local funds per weighted student per cent of tax effort at the amount necessary for funding maintenance and operation.~~

~~Proposed Effective: 9/1/2020, if voters approve constitutional amendment November 5, 2019.~~

~~**Status: SB 852, SJR 40 referred to Senate Education 3/1/19. SB 1141, SJR 48 referred to Senate Education 3/7/19.**~~

~~RECAPTURE OF LOCAL SCHOOL TAXES PAID
TO THE STATE REPEALED~~

~~**SB 689 Paxton**~~

~~Amends 21.01, 21.02, 25.25, 26.08 and 312.210; repeals Education Code Chapter 41, 8.056 and amends numerous Education Code sections that refer to Chapter 41~~

~~SB 689 repeals Education Code Chapter 41 that requires the recapture of property taxes from certain school district to reduce their wealth per student. Tax Code sections that reference Education Code Chapter 41 also are amended.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 689 referred to Senate Education 3/1/19.**~~

~~INCREASED STATE SALES TAX RATE
REDUCES SCHOOL DISTRICT M&O TAXES~~

~~**SB 2441, SJR 76 Taylor**~~

~~Adds 151.803 and amends 151.051; amends Education Code 42.2516; SJR 76 adds Tex. Const. Art. 8, Sec. 27~~

~~SB 2441 and SJR 76 constitutional amendment increases the state sales tax rate from 6.25% to an unstated amount. The amount of sales tax above the current 6.25% are deposited to the credit of the foundation school fund to be sued for compressing the~~

~~M&O school tax rates. The Education Commissioner determines the state compression percentage each year by which the school districts' M&O rates can be lowered with sales tax revenue collected.~~

~~Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019.~~

~~**Status: SB 2441, SJR 76 referred to Senate Finance 3/21/19.**~~

~~WEALTHY SCHOOL DISTRICTS CAN REDUCE
WEALTH PER STUDENT FOR
TRANSPORTATION ALLOTMENT CREDIT~~

~~**SB 394 Alvarado**~~

~~Amends Education Code 42.155~~

~~SB 394 allows that school districts who must reduce their wealth per student under Education Code Chapter 41 are entitled to transportation allotment credits against the amount required to purchase student attendance credits.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.~~

~~**Status: SB 394 referred to Senate Education Committee 2/14/19.**~~

~~TITLE CHANGE MADE TO EDUCATION CODE
SECTION ON FACILITY ALLOTMENT~~

~~**HB 1823 Cortez**~~

~~Amends Education Code 46.009~~

~~HB 1823 changes the heading of Education Code Section 46.0009 to Reduction of School District Property Taxes as Result of School Facility Allotment.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.~~

~~**Status: HB 1823 referred to Senate Education 4/24/19.**~~

~~SCHOOL DISTRICT RECEIVES ADJUSTMENTS
TO PROPERTY VALUE STUDY FOR TAX
INCREMENT FINANCING ZONE~~

~~**HB 2111 Pacheco**~~

~~Deletes portion of Government Code 403.302~~

~~HB 2111 revises language for the tax increment financing zone adjustment in the Comptroller's Property Value Study. The bill removes the September 1, 1999 date to allow for extending the deduction to the school districts for the duration of the~~

zones. Substitute HB 2111 brackets the bill to a single district in Bexar County, which is Southside ISD. See also *Special & Miscellaneous*.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: Substitute HB 2111 reported from Senate Property Tax 5/17/19 and set on Senate Calendar 5/20/19.

STUDENT ADMISSION TO SCHOOL DISTRICT MAY BE BASED ON RESIDENCE HOMESTEAD
HB 2526 Leach

Amends Education Code 25.001

HB 2526 provides that a school district shall admit a student tuition fee, based on one of several criteria. This bill adds a new criteria that states the student and either parent of the student resides in a residence homestead, as defined by Tax Code Section 11.13, that is located on a parcel of property in the district.

Proposed Effective: Effective immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: HB 2526 reported from Senate Education and recommended for Senate Local/Uncontested Calendar 5/19/19.

~~COMPTROLLER DEPOSITS FUNDS
EARMARKED FOR SCHOOL PROPERTY TAX
RELIEF~~

~~**SB 2290, SJR 72 Bettencourt; similar SJR 69 Paxton; similar SJR 77 Taylor; similar SJR 78 Taylor**~~

~~SB 2290 amends Government Code Chapter 316 and repeals 316.091, 316.092 and 404.0241~~

~~SJR 72 adds Tex. Const. Art. 3, Sec. 49 g 6 and amends Tex. Const. Art. 3, Sec. 49 g~~

~~SJR 69 adds Tex. Const. Art. 3, Sec. 49 g 5 and amends Art. 3, Sec. 49 g~~

~~SJR 77 amends Tex. Const. Art. 3, Sec. 49 g~~

~~SJR 78 amends Tex. Const. Art. 7, Sec. 2, Sec. 4 and Sec. 5~~

~~SB 2290 and SJR 72 constitutional amendment create the education enrichment fund for primary and secondary education and require the Comptroller to make deposits as directed by the Texas Legislature. The funds are transferred from the general revenue fund, the state highway fund and the economic stabilization fund.~~

~~SJR 69 constitutional amendment requires the Comptroller 90 days after the fiscal biennium to determine one-half of the unencumbered positive balance in the general revenues and deposit 25% to be used for teacher, counselor and librarian pay and the remainder to provide property tax relief by reducing school districts' M&O tax rates. This begins with the state fiscal biennium that begins September 1, 2021.~~

~~SJR 77 constitutional amendment reduces the Comptroller deposit to the economic stabilization fund and state highway fund from 50% to 25%. The Comptroller deposits the oil and gas severance tax with 50% dedicated to the school district M&O compression tax rates.~~

~~SJR 78 constitutional amendment creates the Bicentennial Education Fund for dedicating state funds for teacher pay and underperforming student groups and transferring management and investment of the permanent school fund to an entity designated by the Legislature.~~

~~Proposed Effective: 1/1/2020, if SJR 69, SJR 77 or SJR 78 on ballot for voters to approve constitutional amendment November 5, 2019.~~

~~**Status: SB 2290, SJR 72 referred to Senate Finance 3/21/19. SJR 69 left pending in Senate Finance 4/11/19. SJR 77 referred to Senate Finance 3/21/19. SJR 78 left pending in Senate Education 4/9/19.**~~

DISTRIBUTION FROM PERMANENT SCHOOL FUND LAND INCREASED TO \$600 MILLION
HJR 151 Huberty

Adds Tex. Const. Art. 7, Sec. 5

HJR 151 constitutional amendment increases the distribution from the management of the permanent school fund land to the available school fund from \$300 million to \$600 million each year.

Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019.

Status: HJR 151 passed Senate 5/19/19 and will go to Governor.

~~CERTAIN SALES TAX DEDICATED TO
PROPERTY TAX RELIEF FUND~~

~~**SB 119 West**~~

~~Amends 151.107, 151.801~~

~~SB 119 addresses the sales tax collected from online sales. On-line retailers have more than \$100,000 from taxable items delivered to Texas or have at least 200 sales of taxable items delivered to Texas, including electronically delivered. The Comptroller shall deposit this sales tax revenue to the Property Tax Relief Fund under Government Code 403.109.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 119 referred to Senate Finance 2/1/19.**~~

~~SCHOOL DISTRICT WITH DISASTER AREA
HAS TAXES SUBJECT TO RECAPTURE
LIMITED~~

~~**SB 660 Kolkhurst**~~

~~Amends 151.107, 151.801~~

~~SB 660 addresses a school district with all or part in an area declared a disaster area by the Governor and for which the Education Commissioner has not adjusted the district's affected taxable values. The school district may request that the Commissioner determine the district's wealth per student using the lesser of the taxable value in tax year immediately following the disaster year or the tax year in which the disaster occurred, with those values adjusted by the average reduction of property values in the district after the disaster. The appraisal district provides the Commissioner with a certified estimate of the average reduction in value after the disaster. The Commissioner adopts rules on the deadlines for a school district request and the certified estimate.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 660 referred to Senate Education 3/1/19.**~~

~~TEA CONTINUES REVIEW OF SCHOOL
FINANCE SYSTEM~~

~~**SB 1015 Powell**~~

~~Adds 42.013~~

~~SB 1015 requires the Texas Education Agency to review the elements of the school finance system on a six-year cycle. Certain elements are studied each biennium, with a report to the Governor and Legislature by December 1 of even-numbered years.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.~~

~~**Status: SB 1015 referred to Senate Education 3/7/19.**~~

~~COMPTROLLER ADJUSTS PROPERTY VALUE
STUDY FOR ONE HALF OF VALUE FOR
CHAPTER 313 AGREEMENT~~

~~**SB 1161 Kolkhurst**~~

~~Amends Government Code 403.302~~

~~SB 1161 requires the Texas Comptroller to adjust the Property Value Study equal to one-half of the market value not otherwise fully taxed by the school district for a Chapter 313 agreement. Current law deducts for the full market value. This change begins with the study conducted for the 2020 tax year. Substitute SB 1161 is being drafted.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: Substitute SB 1161 left pending in Senate Property Tax 4/9/19.**~~

~~SCHOOL DISTRICT MAY NOT OWN CERTAIN
BUSINESS PROPERTIES~~

~~**SB 1133 Bettencourt**~~

~~Adds Education Code 45.116~~

~~SB 1133 prohibits a school district from ownership of or business interest in certain properties. These prohibited properties would include those classified by the North American Industry Classification System as Sector 53: Real Estate and Rental and Leasing; Sector 71: Arts, Entertainment and Recreation; or Sector 72: Accommodation and Food Service. After the effective date of this bill, the school district is required to divest all ownership or business interest in such property not later than September 1, 2024.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: Substitute SB 1133 referred to House Public Education 5/2/19.**~~

~~COMMISSIONER REDUCES STATE FUNDING
BASED ON SUPPLEMENTAL PAYMENT TO ISD~~

~~**SB 1252 Kolkhurst**~~

~~Adds Education Code 42.2533~~

~~SB 1252 requires the Education Commissioner to reduce a school district's Foundation School Program payments by the amount of any supplemental~~

~~payment that the district received during the preceding year under a Chapter 313 agreement. By March 1 of each year, the school board shall disclose to the Commissioner the amount of any supplemental payment.~~

~~Proposed Effective: 9/1/2019.~~

~~Status: SB 1252 left pending in Senate Education 4/4/19.~~

Special & Miscellaneous

MIDLAND HOSPITAL DISTRICT IMPOSES SALES AND USE TAX

HB 279 Craddick

Amends 26.012; adds Special District Local Laws Code Chapter 1061, Subchapter G, and amends 1061.151

HB 279 provides that the Midland Hospital District may impose an additional sales and use tax.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: HB 279 reported from Senate Health & Human Services and recommended for Senate Local/Uncontested Calendar 5/17/19.

~~WATER DESALINATION PROJECT IS ELIGIBLE FOR A CHAPTER 313 AGREEMENT~~

SB 1930 Zaffirini

~~Amends 313.024~~

~~SB 1930 adds a water desalination project as a project that is eligible for a limitation on appraised value by a school district under a Chapter 313 agreement.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.~~

~~Status: SB 1930 referred to Senate Natural Resources & Economic Development 3/19/19.~~

REAL PROPERTY DISPOSITION EXPANDED FOR A NAVIGATION DISTRICT OR PORT AUTHORITY

HB 1053 Guillen

Adds Section 11 to Chapter 404, 53rd Legislature, Regular Session, 1953

HB 1053 adds that a navigation district or port authority may sell, exchange or lease real property or any interest in real property. Lands or flats purchased

from the State of Texas or granted by the State may be sold only to the State or exchanged with the State for other lands or exchanged for adjacent land. The district may impose restrictions on the development, use and transfer of the real property. The district's board must determine by resolution that the land is no longer needed for use in connection with developing a navigation project. Narrow strips of real property resulting from boundary or survey conflicts, or from insubstantial encroachments by abutting real property owners or larger encroachments for more than 25 years may be abandoned, released, exchanged or transferred to such abutting owner on terms appropriate to the district. A district may convey real property for these reasons for less than its fair market value. The House Floor Amendments add clarifying language to the provision about lands purchased from the State of Texas. Senate Committee Substitute for HB 1053 removes the provision that the transaction be consistent with requirements of Title 2, Utilities Code.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2019.

Status: Substitute HB 1053, with two House Floor Amendments, reported as substituted from Senate Transportation 5/19/19.

SCHOOL DISTRICT RECEIVES ADJUSTMENTS TO PROPERTY VALUE STUDY FOR TAX INCREMENT FINANCING ZONE

HB 2111 Pacheco

Deletes portion of Government Code 403.302

HB 2111 revises language for the tax increment financing zone adjustment in the Comptroller's Property Value Study. The bill removes the September 1, 1999 date to allow for extending the deduction to the school districts for the duration of the zones. Substitute HB 2111 brackets the bill to a single district in Bexar County, which is Southside ISD. See also *School Finance*.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: Substitute HB 2111 reported from Senate Property Tax 5/17/19 and set on Senate Calendar 5/20/19.

TEXAS ECONOMIC DEVELOPMENT ACT
EXTENDED THROUGH 2032

HB 2129 Murphy

Amends 313.007

HB 2129 extends Chapter 313, Texas Economic Development Act, for 10 additional years, to December 31, 2032. Current law ends at the end of 2022. Chapter 313 allows school districts to limit maintenance and operations taxes on certain properties since school districts cannot offer tax abatements.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: HB 2129 referred to Senate Natural Resources & Economic Development 4/15/19.

~~AFFORDABLE HOUSING ADDRESSED IN A
TAX INCREMENT FINANCING ZONE~~

~~**SB 1278 West**~~

~~Adds 311.0112 and amends 311.003, 311.006,
311.016~~

~~SB 1278 requires a city to prepare an affordable housing impact statement before adopting a tax increment financing (TIF) zone. The city posts the statement on its website at least 60 days before holding the TIF zone hearing. The statement must estimate the impact on available affordable housing for the 30-year period of the zone. Additional provisions address a TIF for a city with a population of 1.18 million or more, located in a county with less than 1,000 square miles and the zone is contiguous to a central business district with fewer than 75,000 residents whose median income is less than \$30,000 and overall poverty rate is twice the rate than the city designating the zone.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 1278 referred to Senate Natural Resources & Economic Development 3/7/19.**~~

MUNICIPAL UTILITY DISTRICT POWERS AND
DUTIES REVISED FOR CONVERSION

HB 2590 Biedermann

Amends Water Code 54.021, 54.022, 54.030, 54.032, 54.209; Senate Committee Substitute also amends Local Government Code 42.042; also amends Water Code 49.107, 49.107, 49.351, 54.234, 54.801, 54.802, 54.804, 54.805, 54.806, 54.809, 54.812; also amends Special District Local Laws Code 6901.061,

8130.151, 8176.151, 8261.151, 8413,151; repeals 54.308, 54.807, 54.808

HB 2590 provides that a converting district shall mail to each property owner written notice of any legal proceedings pending against the converting district. Notice of a conversion hearing requires a notice mailed to landowners who own property adjacent to the boundaries of the converting district. Senate Committee Substitute of HB 2590 amends current law relating to the administration, powers and duties of water districts.

Proposed Effective: 9/1/2019.

Status: Substitute HB 2590 reported as substituted from Senate Intergovernmental Relations and recommended for Senate Local/Uncontested Calendar 5/19/19.

NOTICE AND HEARING ADDRESSED FOR
DISSOLVING OR CONVERTING CERTAIN
CONSERVATION AND RECLAMATION
DISTRICTS

HB 2914 Bell

Adds Water Code 49.3225; amends 54.030, 54.032, 54.033; and repeals 54.031

HB 2914 provides that the Texas Natural Resource Conservation Commission may order dissolution, without conducting a hearing, if it receives a petition from (1) the owners of the majority in value of the land in the dissolving or converting district, as shown by the most recent certified tax roll of the appraisal district in which the district is located or (2) the district's board of directors. Within 10 days of submitting the petition, the petitioner shall notice by certified mail all the landowners who did not sign the petition, based on the most recent certified tax roll of the CAD of the county or counties in which the district is located. HB 2914 adds that the owner who did not sign the petition may file a written objection to the district's dissolution within 30 days after the notice was received. The House Floor Amendment to HB 2914 provides that the district may not dissolve if it has outstanding bonds, has an outstanding contract to fulfil or owns/operates public works facilities, unless assumed by a third party.

Proposed Effective: 9/1/2019.

Status: HB 2914, with one House Floor Amendment, reported from Senate Water & Rural Affairs and set on Senate Calendar 5/20/19.

TAX ABATEMENT ACT CONTINUED WITH SOME ADDITIONS

HB 3143 Murphy; SB 1838 West

Adds 312.404 and amends 312.002, 312.005, 312.006, 312.207

HB 3143 extends the Property Redevelopment and Tax Abatement Act to September 1, 2029 (from 2019). Before the taxing unit's governing body may adopt, amend, repeal or reauthorize the abatement guidelines and criteria, the governing body must hold a public hearing for the general public to be heard. A taxing unit that maintains a website shall post the current version of the guidelines and criteria on the website. For each of the three years following an expired tax abatement agreement, the chief appraiser shall deliver to the Comptroller a report on the appraised value of the property that was in the agreement. The meeting notice for approval of a tax abatement agreement must contain the property owner's name, reinvestment zone name and location, general description of the improvements or repairs in the agreement and estimated costs of the improvement or repairs. The notice is provided at least 30 days before the meeting scheduled time. A county commissioners court or other taxing unit's board must approve an abatement agreement in the manner that the city's governing body approves an agreement under Section 312.207.

Senate Committee Substitute HB 3143 removes changes made by Substitute HB 3143. The House version removed the provision to extend the abatement program to 2029 and removed that the area is reasonably likely for retention or expansion. It added that, if the agreement creates at least 25 new jobs in the city, the agreement contain a fiscal impact statement on potential costs and benefits.

Proposed Effective: 9/1/2019.

Status: Substitute HB 3143 reported as substituted from Senate Natural Resources & Economic Development and set on Senate Calendar 5/20/19. ~~SB 1838 referred to Senate Natural Resources & Economic Development 3/18/19.~~

TAX ABATEMENT CHAPTER CONTINUED

SB 118 West, HB 360 Murphy; related SB 1046 Birdwell; related SB 1158 Bettencourt

Amends 312.006

~~SB 1046 also adds 312.404 and amends 312.207~~

HB 360 extends the expiration date for tax abatement provisions to September 1, 2029. Current law has Chapter 312 expiring September 1, 2019.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019. SB 106 is effective 9/1/2019.

Status: ~~SB 118 referred to Senate Natural Resources and Economic Development 2/1/19. HB 360 referred to Senate Natural Resources & Economic Development 4/15/19. SB 1046 referred to Senate Natural Resources & Economic Development 3/7/19. SB 1158 referred to Senate Natural Resources & Economic Development 3/7/19.~~

~~TAX ABATEMENT EXPIRATION SECTION REPEALED~~

SB 350 Powell

~~Repeals 312.006 and 320.001~~

~~SB 350 repeals the section that states an expiration date for tax abatement provisions. Current law has Chapter 312 expiring September 1, 2019. The bill also repeals the saving provision set in law if Chapter 312 expires.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.~~

Status: ~~SB 350 referred to Senate Natural Resources and Economic Development 2/7/19.~~

CERTAIN CITY MAY CREATE AN EMERGENCY DISTRICT

SB 235 Nelson

Amends Local Government Code 344.051

These bills provide that the governing body of a city with a population of 19,000 or more, but less than 60,000, and contains a campus of North Central Texas College, may propose the creation of a fire control, prevention and emergency medical services district. The House floor amendment to SB 235 changes to a "branch" campus.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.

Status: SB 235, with one House Floor Amendment, set on Senate Items Eligible Calendar 5/20/19.

ANNUAL ECONOMIC DEVELOPMENT CORPORATION REPORT DUE APRIL 1 TO COMPTROLLER

SB 450 Powell

Amends Local Government Code 502.151

SB 450 changes the due date for the annual economic development corporation's report to the Comptroller from February 1 to April 1. The report includes payments to taxing units, including school districts. The Type A or Type C economic development corporations are required to file an annual report. Effective: 9/1/2019.

NEW LAW: Governor signed SB 450 4/25/19.

COMPTROLLER'S SPECIAL DISTRICTS' DATABASE EXPANDED TO ALL POLITICAL SUBDIVISION PUBLIC INFORMATION DATABASE

SB 465 Campbell; similar SB 1253 Kolkhurst

Amends Government Code 403.0241; amends Local Government Code 140.008, 203.061, 203.062, 203.063

SB 1253 expands the Comptroller's Special Purpose District Public Information Database to be the Political Subdivision Public Information Database for all political subdivisions that impose a property tax, a sales tax or a fee. Information on each political subdivision includes its name, contact information, general manager or executive director, tax assessor-collector, website address, total amount of outstanding bonds and property tax rates required in Tax Code Section 26.15 (current law that requires posting these to county website). A political subdivision shall transmit the records and information to the Comptroller by December 1, 2019. The Comptroller shall keep a noncompliance list of entities that have not timely complied with providing the information. The Comptroller shall send written notice of violation and assess a \$1,000 penalty if not reporting within 30 days of the notice. The Comptroller shall update the expanded database by December 1, 2021. Substitute SB 1253 adds that the email address is included, if available. It removes the requirement about including information that is required to be reported under Local Government

Code 140.008, and amends that section to provide that it does not apply to a political subdivision described by Government Code 403.0241. The Comptroller may provide notice by email to a political subdivision. House Committee Substitute SB 1253 retains the information described by Local Government Code Section 140.008, including any revenue obligations, which the Senate version removed.

Proposed Effective: 9/1/2019.

Status: ~~SB 465 referred to Senate Intergovernmental Relations Committee 2/14/19. Substitute SB 1253 reported as substituted from House Ways & Means 5/15/19.~~

SCHOOL BOARD MAY NOT WAIVE NEW JOBS CREATION REQUIREMENT FOR A CHAPTER 313 AGREEMENT

SB 565 Campbell

Repeals 313.025(f 1)

SB 565 repeals the authority that the school board may waive the new jobs creation requirement in granting a Chapter 313 agreement under the Texas Economic Development Act.

Proposed Effective: 9/1/2019.

Status: ~~SB 565 referred to Senate Natural Resources & Economic Development 2/21/19.~~

CPA REQUIRED TO VERIFY REPORTED DATA ON CHAPTER 313 AGREEMENT

SB 728 Kolkhurst

Amends 313.032

SB 728 requires that the current or former recipient shall contract with a certified public accountant to verify the data certified to the Comptroller. Data used shall include any reliable source, including the Texas Workforce Commission and the chief appraiser in the county where the property is located.

Proposed Effective: 9/1/2019.

Status: ~~SB 728 left pending in Senate Natural Resources & Economic Development 4/3/19.~~

~~REAL ESTATE SUBDIVISION PROPERTY MAY
DEANNEX BY PETITION FROM A CITY~~

~~**SB 1327 Campbell**~~

~~Adds Local Government Code 43.1435~~

~~SB 1327 provides that certain real estate subdivision property may be de-annexed by petition from a city. The property is a portion of the real estate subdivision that is located contiguous to the city's boundary, under the jurisdiction of a property owners' association and either a legal determination found the city failed to provide agreed services or is adjacent to another area that the city failed to provide services. The de-annexation does not authorize impairing a city debt obligation, and the area is not released from its pro rata share of that debt. The city may continue to levy a property tax on the area at the same rate as other properties until the taxes collected from the area equal its pro rata debt share. Those taxes may be charged only for the cost of levying and collecting the taxes, and the taxes applied exclusively to the debt payment. The inhabitants of the area may pay in full at any time its debt share.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, 9/1/2019.~~

~~**Status: SB 1327 referred to Senate Intergovernmental Relations 3/7/19.**~~

~~SOLAR FACILITY MUST COMPLY WITH NEW
UTILITY CODE CHAPTER TO RECEIVE TAX
ABATEMENT OR CHAPTER 313 AGREEMENT
OR NO ABATEMENT~~

~~**SB 1610 Hall; similar SB 1617 Hall**~~

~~Adds 312.0022 and amends 313.024~~

~~SB 1610 also adds Utilities Code Chapter 35,
Subchapter F~~

~~SB 1610 prohibits a taxing unit from entering into a tax abatement agreement for real property, and any tangible personal property, on which a solar facility is located or planned, unless the property owner has executed an agreement under the Utilities Code Section 35.202. A property owner may not receive a Chapter 313 school tax limitation for real and personal property to be used for a solar facility unless the owner has complied with Utilities Code Section 35.202.~~

~~SB 1617 provides that the owner or lessee of real property that is located wholly or partly in a~~

~~reinvestment zone may not receive a Chapter 312 tax abatement of any portion of the real or personal property entered into on or after September 1, 2019, for a solar or wind powered energy device. Property used for renewal energy electric generation may not be granted a Chapter 313 agreement by a school district.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 1610 referred to Senate Business & Commerce 3/14/19. SB 1617 referred to Senate Business & Commerce 3/14/19.**~~

Open Meetings, Chapter 551

~~PUBLIC COMMENT MAY BE MADE ON
AGENDA ITEM DURING OPEN MEETING~~

~~**HB 2840 Canales**~~

~~Adds Government Code 551.007~~

~~HB 2840 adds the right of a member of the public to address the political subdivision's governing body in an open meeting. The governing body shall allow a member of the public to address an agenda item during its open meeting, either before or during its consideration of the item. The governing body may adopt reasonable rules, including a time limit to address a given item. For those without simultaneous translation equipment, the time for a member to address through a translator shall be at least twice the time limit. The governing body may not prohibit public criticism of the governing body, including an act, omission, policy, procedure, program or service. Proposed Effective: 9/1/2019.~~

~~**Status: HB 2840 voted from Senate Business & Commerce 5/17/19.**~~

~~TIF REINVESTMENT BOARD ADDED TO OPEN
MEETINGS LAW~~

~~**SB 1328 Bettencourt**~~

~~Amends Government Code 551.001~~

~~SB 1328 adds the board of directors of a tax increment financing (TIF) reinvestment zone, created under Tax Code Chapter 311, to those governing bodies that must follow the Open Meetings Act.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 1328 referred to Senate Business & Commerce 3/7/19.**~~

RECENT SUPREME COURT RULING
ADDRESSED WITH LAW CHANGE

SB 1640 Watson

Amends Government Code 551.143

Substitute SB 1640 also amends Government Code 551.001

SB 1640 addresses the recent Supreme Court ruling to add more precise language to walking quorum prohibition and to address the vagueness in current law. The change will give public officials better guidance about communications outside an open meeting. Substitute SB 1640 adds that deliberation means a verbal or written exchange between a quorum of a governmental body. Current law states only verbal exchange. A member of a governmental body commits an offense if the member knowingly engages in at least one communication among a series of communications that occur outside of a meeting; the communication concerns an issue within the jurisdiction of the governmental body in which members engaging in individual communications constitute fewer than a quorum; and the member knew at the time the series of communications involved or would involve a quorum and would constitute a deliberation once a quorum engaged in the communications. The House Floor Amendment to SB 1640 added the phrase “but the members engaging in the series of communications constitute a quorum of members.”

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2019.

Status: Substitute SB 1640 passed House, with House Floor Amendment, 5/17/19 and set on Senate Items Eligible Calendar 5/20/19.

Open Records, Chapter 552

DISCLOSURE REQUIRED OF CERTAIN
INFORMATION ON ENTERTAINMENT EVENTS
OPEN TO GENERAL PUBLIC AND PAID WITH
PUBLIC FUNDS

HB 81 Canales

Amends Government Code 552.104

HB 81 addresses the provision on exceptions to information related to competitive bidding. Information relating to the receipt or expenditure of public or other funds by a governmental body for a

parade, concert or other entertainment and paid for with public funds is not confidential. A person may not include in a contract related to the event that prohibits or prevents disclosure of information.

Effective: 5/17/19, on Governor’s signature.

NEW LAW: HB 81 signed by Governor 5/17/19.

BIRTHDATE NOT CONFIDENTIAL EXCEPT
UNDER CERTAIN CIRCUMSTANCES

HB 1655 Hunter; SB 1318 Johnson

Adds Government Code 552.0222

HB 1655 provides that a governmental body may not withhold a date of birth, except as permitted by Government Code 552.102 or otherwise provided by the Texas Constitution or statutory law. Substitute HB 1655 also adds as an exception as permitted by the federal privacy requirements adopted under the Health Insurance Portability and Accountability Act of 1996. Section 552.102 lists as exceptions information in a personnel file and a transcript from an institution of higher education in the personnel file of a professional school employee.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2019.

Status: Substitute HB 1655 set on Senate Calendar 5/20/19. SB 1318 left pending in Senate Business & Commerce 4/9/19.

CONTRACT DISCLOSURE PROVISIONS
ADDED TO OPEN RECORDS ACT

SB 943 Watson

Adds Government Code Chapter 552, Subchapter J, 552.0222, 552.1101 and amends 552.003, 552.104, 552.305, 552.321

SB 943 adds to open records that mandates the disclosure of contracting information unless there is an exception. Contracting info includes account information, solicitations, bidding documents, communications between the governmental body and vendor or contractor during the solicitation / contract negotiation period, bid evaluation and selection documents and communications between the govt. body and contractor / vendor related to the contract performance / work performed. An exception is 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. Another exception is

for the actual or potential contractor / vendor to demonstrate the disclosure of the information would reveal specific information that will be used in future solicitations / bids / operations and cause it competitive harm if released. This exception, however, does not apply to certain contract information. The exception does not apply to certain contract terms, such as the total price, description of items or services, deadlines, remedies for breach, identities of parties, subs and vendor / contractors, execution dates, effective dates and contract term. The governmental body will withhold the information while the vendor / contractor asserts its exception.

A requestor may file a writ of mandamus to comply with new Subchapter J. A number of entities that receive public funds will be subject to Subchapter J, essentially making them governmental bodies subjecting them to the open records act for the disclosure of contracting information. Such entities may designate one mailing address and email address for receiving public information requests. If such designations are made then it is not required to respond to requests to other addresses – otherwise it must respond to any request made to any valid address. Of the several kinds of entities that must comply is an entity that receives at least \$1 million in public funds in the current or preceding state fiscal year and those public funds account for at least 51 percent of the entity's income for the applicable current or preceding state fiscal year;

SB 943 also requires a contract to include provision outlining responsibilities, Attorney General contact information, no limiting provisions of Subchapter J, that the contractor will preserve information, promptly produce it, and at the completion of the contract provide or preserve contracting information. A bid must also contain a specifically worded statement of certification. A governmental body may not accept for bid / contract or award it to an entity that has knowingly or intentionally failed to comply in previous bids / contracts. A governmental body is to provide a contracting entity a notice it needs to cure any issues or it may terminate the contract. It also details reasons why a governmental body may terminate a contract / award with an entity for lack of compliance. SB 943 creates a new exception for contractors to protect industry information, updates the definition and protections of trade secrets and

ensures contractors with the government cannot use exceptions to block public access to key items. Key items include contract terms, final price, deadlines and completion of contract assessments. Senate Floor Amendment revises language. House Committee Substitute SB 943 adds some provisions for a governmental body that complies in good faith and ties the contract to the records retention requirements for the governmental body.

Proposed Effective: 1/1/2020.

Status: SB 943, with one Senate Floor Amendment, passed House as substituted 5/17/19; set on Senate Items Eligible Calendar 5/20/19.

PUBLIC INFORMATION ACT PROVIDES FOR TEMPORARY RECORD CUSTODIAN AND ADDRESSES PRIVATELY OWNED DEVICES

SB 944 Watson

Adds Government Code 552.159, 552.233, 552.234, 552.235 and amends 552.003, 552.004, 552.203, 552.301

SB 944 adds to open records, including a temporary records custodian; use of a privately-owned device by a current or former officer or employee; confidentiality of healthcare information; public information ownership; and designated e-mail and mailing addresses for public information requests. The Senate Floor Amendment adds the exception for confidentiality of certain information provided by an out-of-state health care provider.

Two House Floor Amendments to SB 944 include: (1) Amending Government Code 552.108 that exceptions to disclosure do not apply to a person who is deceased or incapacitated or if the person consents to the release; (2) Amending Local Government Code 143.089 regarding information on police officer alleged misconduct; and (3) Adding Government Code 552.1177 for an exception for confidential information for a person who handles humane disposition of an animal.

Proposed Effective: 9/1/2019.

Status: Substitute SB 944, with one Senate Floor Amendment, passed House, with 2 House Floor Amendments, 5/15/19; set on Senate Items Eligible Calendar 5/20/19.

COURT MAY AWARD COURT COSTS AND ATTORNEY FEES FOR OPEN RECORDS LAWSUITS IF ACTION WAS GROUNDLESS IN FACT OR LAW

SB 988 Watson

Amends Government Code 552.323

SB 988 changes the requirement about the award of court costs and attorney fees for litigation on the open records law. The court may not assess court costs and attorney fees incurred by a plaintiff or defendant who substantially prevails unless the court finds the action or the defense of the action was groundless in fact or law.

Proposed Effective: 9/1/2019.

Status: SB 988 reported from House State Affairs 4/30/19 and set on House Calendar 5/20/19.

EMAIL ADDRESS IS NOT CONFIDENTIAL FOR A TDLR LICENSEE

HB 3631 Bailes

Amends Government Code 552.137

HB 3631 provides that the email address provided to a governmental body by an applicant or holder or a license issued by a state agency, such as Texas Department of Licensing and Regulation, is not confidential. Government Code Section 552.137 provides that a member of the public that has provided an email address to a governmental body is confidential and not subject to disclosure, with some exceptions. This bill adds to the exceptions.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2019.

Status: Substitute HB 3631 left pending in Senate Business & Commerce 5/16/19.

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

SB 84 Hall

~~Adds Government Code Chapter 620~~

~~SB 84 provides that an elected or appointed officer of a governmental body has the right to access information of that body. Chapter 552, 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 9/1/2019.~~

~~Status: SB 84 referred to Senate Business and Commerce 2/1/19.~~

ELECTRONIC OPEN RECORDS ADDRESSED

SB 1317 Johnson; HB 4132 Rodriquez

Adds Government Code 552.2285 and amends 552.228

HB 4132 provides for maintaining and producing electronic public information. A governmental body's use of an electronic recordkeeping system may not erode the public's right to access of public information. If a requestor prefers, the governmental body shall provide a paper printout of the electronic information. Electronic information that is neither searchable nor sortable requires the governmental body to provide an electronic copy of the information in format that complies with the bill. The House Floor Amendment to HB 4132 added a definition for "electronic public information."

Proposed Effective: 9/1/2019.

Status: SB 1317 referred to Senate Business & Commerce 3/7/19. Substitute HB 4132, with one House Floor Amendment, referred to Senate Business & Commerce 5/14/19.

Other Codes and Statutes

PERSON MAY RECOVER ATTORNEY FEE'S IN CERTAIN CIVIL CASES INVOLVING GOVERNMENT ENTITIES

HB 790 Davis

Amends Civil Practices & Remedies Code 38.001

HB 790 provides that a person may recover reasonable attorney's fees from an individual, an organization, the state or a state agency, in addition a valid claim and costs. A valid claim is for rendered services, performed labor, furnished materials, freight or express overcharges, lost or damaged freight, killed or injured stock, a sworn account or an oral or written contract. Current law only allows for a claim against an individual and not governmental entities. Substitute HB 790 removes a political subdivision of the state from the list.

Proposed Effective: 9/1/2019.

Status: Substitute HB 790 passed House 4/25/19 and received in Senate 4/26/19.

CERTAIN GOVERNMENT CONTRACTS WITH COMPANIES THAT BOYCOTT ISRAEL CLARIFIED

HB 793 King

Amends Government Code 2270.001 and 2270.002

HB 793 clarifies existing law prohibiting government contracts with companies that boycott Israel by providing that the law does not apply to a sole proprietorship. A contract only applies that is between a governmental entity and a company with 10 or more full-time employees and has a value of \$100,000 or more that is to be paid from public funds.

Effective: 5/7/2019, immediately on Governor's signature.

NEW LAW: HB 793 signed by Governor 5/7/19.

~~**BUILDING CONSTRUCTION OR RENOVATION REQUIRES ADDING A DIAPER CHANGING AREA IN PUBLIC RESTROOM**~~

~~**SB 2199 Taylor**~~

~~SB 2199 adds Health & Safety Code 341.070~~

~~SB 2199 requires a public access diaper changing station in at least one restroom when constructing or renovating a building or restroom owned or leased by a political subdivision. This provision does not apply to a restroom renovation with an estimated cost of less than \$10,000; the construction or renovation would be infeasible, limit accessibility to disabled or would not be in compliance with other law as determined by the government entity issuing a building permit; a historic structure; or a building in which a centrally located facility with a diaper changing station is available for public use.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 2199 referred to Senate Business & Commerce 3/21/19.**~~

PRIVATE ENTITY'S EMINENT DOMAIN AUTHORITY REVISED

SB 421 Kolkhurst

Adds Property Code 21.0114, 21.0115, Subchapter B-1, 21.0471 and amends 21.0113, 21.012, 21.042

SB 421 sets out specific requirements in the notice and bona fide offer by an entity with eminent domain

authority that is acquiring real property. Certain private entities with eminent domain authority must include required terms for instruments of conveyance, including those that convey a pipeline or electrical transmission right-of-way easement. Senate Floor Amendment to Substitute SB 421 sets out certain additional requirements for a private entity with eminent domain authority that wants to acquire real property for a pipeline or electric transmission purposes. The House Committee Substitute of SB 421 addresses a private entity with eminent domain authority, additional requirements and provisions and changes the effective date to January 1, 2020.

Proposed Effective: 9/1/2019. House Committee Substitute of SB 421 changes to 1/1/2020.

Status: SB 421, with one Senate Floor Amendment, reported as substituted from House Land & Resource Management 5/18/19 and set on House Local Calendar 5/22/19.

~~**LIST EXPANDED TO WHOM A PUBLIC EMPLOYEE MAY REPORT A LAW VIOLATION BY A LOCAL GOVERNMENT ENTITY OR BY ANOTHER PUBLIC EMPLOYEE**~~

~~**SB 1286 Johnson**~~

~~Adds Government Code 554.0095 and amends 554.002, 554.009~~

~~SB 1286 adds to the persons that a public employee in good faith may report a violation of law by the employing government entity or by another public entity. The bill adds the reporting employee's supervisor, an individual or office designated by the employing governmental entity for reporting grievances or a member of the human resources staff of the employing governmental entity. Current law states only the appropriate law enforcement authority. Substitute HB 1001 adds more individuals to which the public employee may report, including the individual who holds a position about the reporting employee's immediate supervisor at the governmental entity. A local government entity must develop and adopt an anti-retaliation policy and provide a copy to employees. The policy informs employees of their rights and lists the individuals to whom they may report a violation. The Texas Attorney General shall post on its website a summary of the rights of public employees and a notice informing them of anti-retaliation policy.~~

~~Proposed Effective: 9/1/2019.~~

~~Status: SB 1286 referred to Senate State Affairs 3/7/19.~~

TEXAS HISTORICAL COMMISSION
CONSIDERS TOTAL TAXABLE VALUES OF
PROPERTIES IN COUNTY OR CITY FOR GRANT
OR LOAN

SB 496 Perry

Amends Government Code 442.0081

SB 496 adds to the factors that the Texas Historical Commission considers in reviewing a grant or loan application through the historic courthouse preservation program. The new factor is the county's or municipality's local funding capacity as measured by the total taxable value of properties in the county or municipality.

Proposed Effective: 9/1/2019.

Status: SB 496 passed House 5/17/19 and will go to the Governor.

HEALTH CARE PROVIDERS PAY
MANDATORY FEE TO CERTAIN COUNTIES

HB 1142 Lambert; SB 1099 Buckingham

Adds Health and Safety Code Chapter 293C and Chapter 298E

HB 1142 continues the expansion of a program that began in 2013 to create a local county or city health care provider participation fund to access federal matching funds under the Section 1115 Medicaid waiver. This bill applies to counties that are not served by a public hospital district or public hospital, have a population of more than 125,000 but less than 140,000, and are not adjacent to a county with a population of one million or more. The county collects the mandatory payment from each institutional health care provider in the county and deposits that to the county's indigent care program. The funds are not comingled with other county funds. The county sets the mandatory payment that may not exceed 6% of the hospital's net patient revenue. Interest, penalties and discounts on mandatory payments follow the laws applicable to the county's property taxes. HB 1142 adds Health and Safety Code Chapter 298E for a hospital district created in a county with more than 800,000 population and the district was not included in a hospital district prior to September 1, 2003.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2019.

Status: HB 1142, with one Senate Floor Amendment, passed Senate 5/9/19, House concurred 5/14/19 and sent to Governor 5/16/19. SB 1099 left pending in Senate Intergovernmental Relations 3/25/19.

~~LANDOWNER'S BILL OF RIGHTS REGARDING
EMINENT DOMAIN AUTHORITY REVISED~~

SB 552 Schwertner

~~Amends Government Code 402.031; adds Property Code 21.01101~~

~~SB 552 provides that an entity with eminent domain authority provides a form to the real property owner requesting permission to enter the property to examine it or to survey for potential acquisition. The owner has a right to refuse, the entity has the right to get a court order, the owner has a right to negotiate terms of examination or survey and the entity has responsibility for any damages that arise from examination or survey. These provisions are included in the Landowner's Bill of Rights on the Attorney General's website.~~

~~Proposed Effective: 1/1/2020.~~

Status: SB 552 left pending in House Land and Resource Management 4/25/19.

~~ENTITY USING EMINENT DOMAIN
AUTHORITY TO CONDEMN PROPERTY
INDICATES OTHER PROPERTY WITH OFFER
TO PURCHASE~~

SB 553 Schwertner

~~Amends Government Code 402.031; adds Property Code 21.0114~~

~~SB 553 addresses the offer to acquire additional property from a property owner by eminent domain authority of the entity. A condemning entity that makes an initial offer that includes real property that the entity does not seek to acquire by condemnation shall, in the initial offer, separately identify that property and make an offer separate from the condemnation offer. Substitute SB 553 adds that the offer to acquire additional real property does not apply to Transportation Code, Subchapter D, Chapter 203.~~

~~Proposed Effective: 9/1/2019.~~

~~Status: Substitute SB 553 left pending in House Land & Resource Management 4/25/19.~~

~~NAVIGATION DISTRICT OR PORT AUTHORITY HAS DIFFERENT ACTUAL PROGRESS PURPOSES FOR RIGHT TO REPURCHASE REAL PROPERTY FROM CONDEMNING ENTITY~~

~~**SB 554 Schwertner**~~

~~Amends Property Code 21.101~~

~~SB 554 adds that a navigation district or port authority may establish actual progress for purposes for the right to repurchase real property from the district or authority that are different from other entities.~~

~~Proposed Effective: 9/1/2019.~~

~~Status: Substitute SB 554 referred to House Land & Resource Management 3/28/19.~~

~~CODE REVISIONS AND OTHER NON-SUBSTANTIVE CHANGES CLEAN UP STATUTES~~

~~**HB 4170 Leach**~~

~~Amends 5.102, 23.524 and 25.025 and various Codes~~

~~Substitute HB 4170 is a 176-page bill that cleans up non-substantive additions to and corrections in enacted Codes and conforms codifications enacted by the 85th Legislature.~~

~~Proposed Effective: 9/1/2019.~~

~~Status: Substitute HB 4170 reported from Senate Administration 5/17/19 and set on Senate Local Calendar 5/20/19.~~

~~STATE CREATES THE UNFUNDED MANDATES INTERAGENCY WORK GROUP~~

~~**SB 62 Zaffirini**~~

~~Amends Government Code 320.001~~

~~SB 62 creates the unfunded mandates interagency work group consisting of the state auditor, Legislative Budget Board director, Texas Comptroller, a senator appointed by the Lt. Governor and a representative appointed by the Speaker of the House. No later than September 1 following a regular legislative session, the interagency work group shall publish an advisory list of mandates for which the Legislature has not provided reimbursement.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2019.~~

~~Status: SB 62 referred to Senate Finance 2/1/19.~~

~~EMINENT DOMAIN DATABASE REPORTING CHANGED FOR CERTAIN SCHOOL DISTRICTS~~

~~**SB 175 Perry**~~

~~Amends Government Code 2206.154~~

~~SB 175 adds that a school district in a county with less than 25,000 population is required to file an annual report about the district's eminent domain authority only if changes have occurred since the most recent report filed with the Texas Comptroller. By February 1 of the current reporting period, the district shall confirm the accuracy of the report by electronically update the previously filed report in the manner prescribed by the Comptroller. Substitute SB 175 adds a city or county with a population of less than 25,000 to the bill. House Committee Substitute SB 175 changes the population to less than 75,000 in the county for a school district, as well as 75,000 for a city or a county. It also adds a district created under Article 16, Section 59, or Article 3, Section 52, Texas Constitution with population of less than 75,000.~~

~~Proposed Effective: 9/1/2019.~~

~~Status: Substitute SB 175 reported as substituted from House Land & Resource Management 5/13/19 and set on House Calendar 5/21/19.~~

~~POLITICAL SUBDIVISION MUST AUTHORIZE AND REPORT LOBBYING ACTIVITIES~~

~~**SB 702, SB 703 Bettencourt; related SB 29 Hall; similar SB 2329 Creighton**~~

~~SB 702 adds Local Government Code Chapter 140.012~~

~~SB 703 adds Local Government Code Chapter 139; amends Government Code 571.061, 571.073, 571.091 SB 2329 and~~

~~SB 29 add Government Code 556.0056; House Committee Substitute adds Local Government Code 140.012~~

~~These bills apply to lobbying activities by political subdivisions and other public entities. SB 702 applies to a political subdivision that imposes a tax or issues bonds, regional mobility authority, transit authority, tollway authority, special purpose district, higher education institution, publicly owned utility or river authority.~~

~~SB 702 provides that a political subdivision may spend money to directly or indirectly influence or attempt to influence the outcome of legislation before the Legislature only if a majority of its governing body authorizes the expenditure. The governing body must vote on the expenditure as a stand-alone item on the meeting's agenda. The political subdivision reports to the Texas Ethics Commission and publishes on its website the following: amount of money authorized for directly or indirectly influencing the outcome of pending legislation; name of any person registered under Government Code Chapter 305 that is retained or employed for lobbying; electronic copy of any contract for lobbying services; and money spent for membership fees and dues to any nonprofit state association or organization that directly or indirectly attempts to influence pending legislation. The Texas Ethics Commission provides a public, searchable database. If a political subdivision does not comply, a taxpayer of the political subdivision or person who receives services from it may seek injunctive relief. One House floor amendment to SB 702 adds that this provision does not apply to an officer or employee of a political subdivision at the request of a legislative committee or member to testify, but who does not take a position on the legislation. Another House floor amendment to SB 702 requires the information to be on an easily searchable database.~~

SB 29 provides that a political subdivision may not spend public money directly or indirectly on influencing the outcome of any legislation. An officer or employee may appear at the request of a legislative committee or member. A political subdivision's elected officer may advocate for or against legislation as well as an employee of the political subdivision who is not required to register as a lobbyist. A political subdivision may spend public funds for membership in a nonprofit state association if a majority of the governing body approves the membership, the association exists for the betterment of local government, the association is not affiliated with a labor organization, the association does not directly or indirectly influence or attempt to influence legislation and the association does not endorse political candidates. If it does not comply, a taxpayer or resident may seek appropriate injunctive relief and may be awarded reasonable attorney's fees and court costs. This bill does not apply to a navigation district.

The House Committee Substitute SB 29 provides that the governing body may not spend public money to directly or indirectly influence the outcome of legislation related to taxation, including implementation, rates and administration; bond elections; tax supported debt; and ethics and transparency of public servants. The political subdivision must disclose on any comprehensive annual financial report the total amount spent during the fiscal year to compensate registered lobbyists to influence the outcome of legislation.

Proposed Effective: 9/1/2019. ~~SB 703 is effective immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2019.~~

Status: ~~SB 702, with two Senate Floor Amendments, reported as substituted from House State Affairs 5/15/19. SB 703 referred to Senate State Affairs 3/1/19. Substitute SB 29 reported as substituted from House State Affairs 5/17/19 and set on House Calendar 5/20/19. SB 2329 referred to Senate State Affairs 3/21/19.~~

~~GOVERNMENT BUILDING MUST DISPLAY DONATED NATIONAL MOTTO POSTER~~

SB 679 Hall

~~Adds Government Code Chapter 2207; repeals Education Code 1.004~~

~~SB 679 requires that a building owned by this state or a political subdivision of the state must display a durable poster or framed copy of the U.S. national motto, "In God We Trust," that is donated or purchased from private donations and made available for the building. The poster must contain a representation of the U.S. flag centered under the motto and a representation of the state flag. A political subdivision may accept and use private donations for this purpose.~~

~~Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2019.~~

Status: ~~SB 679 referred to Senate State Affairs 3/1/19.~~

~~COUNTY ETHICS COMMISSION MAY BE ESTABLISHED IN ANY TEXAS COUNTY~~

SB 710 Creighton

~~Repeals Local Government Code 161.001~~

~~SB 710 repeals the current provision that a county ethics commission is only in a county with a~~

population of 800,000 or more, located on the international border and with a county ethics board prior to September 1, 2009. With this repeal, any commissioners court in a county may create a county ethics commission. The creation may be by majority vote of the commissioners court or by voter election. The commission may adopt, publish and enforce an ethics code governing county public servants. SB 710 names the law the J. D. Lambright Local Government Ethics Reform Act.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2019.

Status: SB 710 reported from House County Affairs 5/17/19 and set on House Calendar 5/21/19.

~~CERTAIN DISCRIMINATION PROHIBITED IN PLACES OF PUBLIC ACCOMMODATION~~

~~**SB 888 Menendez**~~

~~Adds Civil Practice and Remedies Code Chapter 100B~~

~~SB 888 addresses liability for a business or other entity that provides good, services, privilege, facility or accommodation that discriminates based on gender identity or expression as well as race, color, disability, religion, sex, national origin, age or sexual orientation.~~

~~Proposed Effective: 9/1/2019.~~

~~**Status: SB 888 referred to Senate State Affairs 3/1/19.**~~

HEALTH CARE PROVIDER PARTICIPATION PROGRAM EXPANDED TO CERTAIN HOSPITAL DISTRICTS

SB 1350 Watson; similar HB 4548 Wray

SB 1350 adds Health & Safety Code Chapter 398E
HB 4548 adds Health & Safety Code Chapter 299,
House Floor Amendment to HB 4548 adds Chapter 292C

These bills continue the expansion of a program that began in 2013 to create a local county or city health care provider participation fund to access federal matching funds under the Section 1115 Medicaid waiver. These bills address certain hospital districts or certain counties. HB 4548 also includes the program for counties that border Oklahoma and have a hospital district.

Proposed Effective: Immediately if passed by two-thirds of both houses; otherwise, effective 9/1/2019.

Status: SB 1350 passed House 5/14/19 and sent to Governor 5/17/19. Substitute HB 4548, with House Floor Amendment, passed Senate 5/19/19 and will go to Governor.

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

~~**SJR 10 Buckingham**~~

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

~~SJR 10 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: 1/1/2020, if voters approve constitutional amendment November 5, 2019.~~

~~**Status: SJR 10 referred to Senate Business and Commerce 2/7/19.**~~

~~EMINENT DOMAIN REVISED IN TEXAS CONSTITUTION~~

~~**SJR 61 Fallon**~~

~~Amends Tex. Const. Art. 1, Sec. 17(b)~~

~~SJR 61 constitutional amendment would strike the phrase "for the primary purpose of economic development or enhancement of tax revenue" from the term "public use" for eminent domain. "Public use" does not include the taking of property under Subsection (a) of this section for transfer to a private entity.~~

~~Proposed Effective: 1/1/2020, if voters approve constitutional amendment November 5, 2019.~~

~~**Status: SJR 61 referred to Senate State Affairs 3/18/19.**~~