

Bills Proposed for the 2017 First Called Special Session of the 85th Texas Legislature

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Governor Abbott called for a special session that began July 18 to address the continuation of five state agencies, including the Texas Medical Board. These five agencies will face sunset without new legislation to continue them. When the Senate passes that legislation, the Governor will add 19 other items to the session call, including property tax reform and rollback elections for tax increases. Perdue Brandon will track property tax bills filed for and considered during this special session. Prefiling of bills began July 10, when the Governor issued the Proclamation.

This issue of *Bills Proposed in Special Session* tracks the proposed legislation by subject matter. Each bill includes the author, a summary, proposed effective date and its progress during the 30-day special session.

For laws passed and their effective dates from the Regular Session, please see Perdue Brandon's *Bills Passed* by subject matter, available on Perdue Brandon's website at www.pbfcm.com. This Update for the special session is through July 18; future updates also will be posted to the website

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Appraisal District Administration

ADVISORY BOARD CREATED AT
COMPTROLLER'S OFFICE; APPRAISAL
NOTICES SENT EARLIER

The Property Tax Reform and Relief Act of 2017

SB 1 Bettencourt

Adds 5.01; 6.035, 6.15, 6.41, 25.19; amends
Government Code 403.302

CAD Board of Directors

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

A CAD director may transmit to the chief appraiser without comment a complaint by a property owner or taxing unit about the appraisal of a specific property, provided that the transmission is in writing, and will not be considered an ex parte communication subject to penalty.

The CAD board in a county with a population of one million or more by a majority of the CAD directors

shall increase the size of the ARB to the number of members considered appropriate to manage the ARB duties. The local administrative law judge shall select an adequate number of qualified individuals to permit the ARB chair to fill positions on the special panels.

State Administration

A minimum six-member Property Tax Administration Advisory Board will be created to improve the effectiveness and efficiency of the property tax system, best practices and complaint resolution. The Advisory Board will consist of representatives of property owners, appraisal districts, school districts and individuals with knowledge or experience with ratio studies. The Comptroller appoints the members.

Notices of Appraised Value

Appraisal districts would send *all* notices of appraised value by April 15, rather than April 1 or May 1. The distinction between homestead notices and other notices is eliminated. In counties of 1,000,000 or more population, the notices for commercial, utility, industrial and multifamily properties must include a notice that the owner may request a hearing before a special panel for that category of property. The provision in Section 25.19(b)(5) that provides for sending the notice of appraised value when the property value increases is changed to apply only in a county with a population of less than 120,000. Section 25.19(b)(5) expires January 1, 2020. Appraisal districts in larger counties send every property owner a notice of appraised value.

For more analysis of SB 1, see also *Appraisal, Rendition, Exemption, Appraisal Review Board, Appraisal District Litigation, Assessment and Truth in Taxation* sections.

Proposed Effective: 1/1/2018, except some parts 9/1/2018 and others 1/1/2019.

Status: Filed 7/18/17; scheduled for hearing in Senate Government Reform 7/22/17.

APPRAISAL DISTRICT DIRECTORS ELECTED, ALONG WITH MORE CHANGES

HB 42 Keough; HB 154 Phelan; HB 174 Metcalf

Amends 5.12, 5.13, 6.03, 6.032, 6.036, 6.051, 6.06, 6.061, 6.063, 6.15; repeals 6.031, 6.033, 6.034, 6.037, 6.10; Election Code 52.092; HB 174 amends Election Code 172.024

HB 42 and similar HB 154 set out that appraisal district directors are to be elected in each commissioner's precinct, with one director elected at large from the county. Candidates must reside in the appraisal district at least two years prior to taking office and reside in the county precinct, except for the at-large director. Elections will be during the general election for state and county officers. The director will serve two-year terms beginning on January 1 of odd-numbered years. Filing fee is set at \$250 and deposited to the county general fund. Candidates appear on ballot only as an independent candidate. If the county tax assessor-collector collects property taxes, he or she will remain a non-voting director. HB 174 has two filing fees, based on county population: \$1,250 for a county with a population of 200,000 or more and \$750 for a population of under 200,000.

Three-fourths of all taxing units participating in the CAD must approve the purchase of a building by the appraisal district. This same group of entities also exercises the veto of the CAD budget, changes the fiscal year, changes the methods of financing or changes the allocation of appraisal district costs. The presiding officers of these same groups are also entitled to reports of district audits. A majority of all taxing units may request an audit of the appraisal district. (During the Regular Session, a version of this bill did not receive any hearing in House Ways & Means.)

Proposed Effective: 1/1/2019, with CAD directors in the general election for state and county officers conducted in 2018, with terms beginning January 1, 2019.

Status: Filed.

CHIEF APPRAISER ELECTED BY COUNTY VOTERS

HB 45 Keough; HB 160 Metcalf

Amends 1.15, 5.041, 5.042, 6.035, 6.05, 6.41, 6.411, 22.28, 42.21; adds 6.0502; repeals 5.042(c) and 6.0501; amends Election Code 52.092; amends Local Government Code 87.041; amends Occupations Code 1151.164

HB 45 and HB 160 provide that the chief appraiser be elected at the general election for state and county officers by county voters. The chief appraiser would serve a two-year term beginning January 1 of odd-numbered years. The chief appraiser must be a resident of the county and have resided in the county

for at least four years preceding taking office. The requirement for a person to hold certain designation(s), such as the Registered Professional Appraiser (RPA), is removed. The filing fee would be \$1,250 for a county with a population of 200,000 or more and \$750 for a county with a population less than 200,000. The candidate's name appears as an independent. The newly-elected chief appraiser must complete the chief appraiser training course required by the Texas Department of Licensing and Regulation (TDLR). The chief appraiser may be removed for "incompetency" for failing to complete the required training within one year of election. Prior to the bill's effective date, the CAD board appoints the chief appraiser to serve until the elected person takes office for the term that begins January 1, 2019. The CAD board of directors may contract with another CAD to perform the duties of the appraisal office but not with a taxing unit. After the bill's effective date, the commissioners court fills a vacancy in this position. (During the Regular Session, this bill did not receive any hearing in House Ways & Means.)

Proposed Effective: 1/1/2018.

Status: Filed.

FIVE ARB MEMBERS ELECTED BY COUNTY VOTERS

HB 48 Keough

Adds 6.4101; amends 5.103, 6.41, 6.411, 6.413, 6.414, 6.42, 41.66; repeals various subsections of Tax Code; amends Election Code 52.092

HB 48 provides that county voters shall elect five ARB members at the general election for state and county officers. The application and filing fee of \$250 is filed with the county judge to be listed on the ballot as an independent candidate. The elected ARB members shall serve two-year terms that begin on January 1 of odd-numbered years. The county commissioners shall appoint a person to fill a vacancy on the ARB. Grounds for removal are the same as current law, plus adding the removal for failure to complete the Comptroller's training course. The bill removes the application for ARB membership from the Comptroller's model guidelines. The elected ARB members may appoint auxiliary ARB members to one-year terms. Auxiliary ARB members may not serve more than two consecutive terms. The ARB selects its chair and secretary. (During the Regular Session, this bill did not receive any hearing in House Ways & Means.) See also *Appraisal Review Board*.

Proposed Effective: 1/1/2019, with first election in November 2018 and terms beginning January 1, 2019.

Status: Filed.

PROPERTY TAXATION ABOLISHED IN 2022

HB 91 Swanson

Repeals Tax Code, Title 1

HB 91 prohibits a state or local property tax, effective January 1, 2022. Any tax liability accrued before that date is not affected. The Legislature has an obligation to ensure that local government entities provide essential services in a manner that is fair and fiscally responsible and should encourage the use of the sales tax to fund services. (During the Regular Session, this bill did not receive any hearing in House Ways & Means.)

Proposed Effective: 12/1/2017, with Title 1, Tax Code, repealed 1/1/2022.

Status: Filed.

Appraisal

APPRAISAL DISTRICTS MUST USE COMPTROLLER'S APPRAISAL MANUALS

The Property Tax Reform and Relief Act of 2017

SB 1 Bettencourt

Amends 5.05, 5.102, 5.13, 23.01

Appraisal districts must use the Comptroller's generated appraisal manuals in appraising property for property taxation. Both MAP reviews and taxing unit-requested audits of appraisal districts must include the district's compliance with these manuals issued by the Comptroller. Generally accepted appraisal methods and techniques will also include those included in the Comptroller's appraisal manual.

For more analysis of SB 1, see also *Appraisal District Administration, Rendition, Exemption, Appraisal Review Board, Appraisal District Litigation, Assessment and Truth in Taxation* sections.

Proposed Effective: 1/1/2018, except some parts 9/1/2018 and others 1/1/2019.

Status: Filed 7/18/17; scheduled for hearing in Senate Government Reform 7/22/17.

A 5% APPRAISAL CAP SET FOR REAL PROPERTY

HB 44, HJR 16 Keough; HB 88, HJR 23 Bell; HB 196, HJR 33 Metcalf

Amends 1.12, 23.23 and 42.26; amends Government Code 403.302; amends Tex. Const. Art. 8, Sec. 1
HB 193 adds 23.231

These bills and 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 transfers in a given year. The cap will first be effective on the tax year beginning in 2018 (so the applicable base year will be 2017). The state will need to address value losses for school districts through the state aid formula. (During the Regular Session, these bills did not receive any hearing in House Ways & Means.)

HB 196 retains the 10% cap for homestead property but adds a 5% cap for all real property except residence homesteads.

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

Status: Filed.

A 5% CAP SET FOR RESIDENCE HOMESTEADS

HB 71, HJR 19 Bohac; HB 84, HJR 22 Metcalf

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

These bills and constitutional amendment lower the 10% cap on residence homesteads to 5% per year. (During the Regular Session, these bills did not receive any hearing in House Ways & Means.)

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

Status: Filed.

CLEAR AND CONVINCING EVIDENCE REQUIRED TO INCREASE APPRAISED VALUE FOR YEAR FOLLOWING A SUCCESSFUL OWENER'S PROTESTED PROPERTY

HB 192 P King

Amends 23.01

HB 192 requires that the chief appraiser may not increase the appraised value of a property lowered by protest or appeal in the preceding year unless the chief appraiser is supported by clear and convincing evidence.

Proposed Effective: 1/1/2018.

Status: Filed.

Renditions

RENDITION DEADLINES MOVED TO EARLIER DATES

The Property Tax Reform and Relief Act of 2017

SB 1 Bettencourt

Amends 22.23; repeals change by HB 2228, Regular Session, 2017 to this section

Renditions would be due April 1, instead of April 15. The automatic written-extension rendition deadline also would be earlier, to May 1, rather than May 15. Rendition statements for property regulated by the Public Utility Commission, Railroad Commission, Federal Surface Transportation Board or Federal Energy Regulatory Commission must be delivered to chief appraiser by April 30, and the chief appraiser may extend by 15 days for good cause on written request of the owner (also found in HB 2228, Regular Session and effective 1/1/2018.)

For more analysis of SB 1, see also *Appraisal District Administration, Appraisal, Exemption, Appraisal Review Board, Appraisal District Litigation, Assessment and Truth in Taxation* Sections.

Proposed Effective: 1/1/2018, except some parts 9/1/2018 and others 1/1/2019.

Status: Filed 7/18/17; scheduled for hearing in Senate Government Reform 7/22/17.

Exemptions

FREEPORT DEADLINE CHANGED

The Property Tax Reform and Relief Act of 2017

SB 1 Bettencourt

Amends 11.4391; repeals change by HB 2228, Regular Session, 2017 to this section

The late deadline for filing for the freeport goods is changed to not later than June 1 (current law is before the ARB approves the records). HB 2228, Regular Session and effective 1/1/2018, changed the date to June 15.

For more analysis of SB 1, see also *Appraisal District Administration, Appraisal, Exemption, Appraisal Review Board, Appraisal District Litigation, Assessment and Truth in Taxation* Sections.

Proposed Effective: 1/1/2018, except some parts 9/1/2018 and others 1/1/2019.

Status: Filed 7/18/17; scheduled for hearing in Senate Government Reform 7/22/17.

SCHOOL HOMESTEAD EXEMPTION IS GREATER OF \$25,000 OR 13% OF HOME VALUE

HB 55, HJR 17 Schofield

Amends 11.13, 11.26; amends Government Code Section 403.302

HB 55 and its constitutional amendment provide that the school homestead exemption is \$25,000 or 13% of the market value of the homestead, whichever is greater. Homeowners with a school tax limitation and a homestead with a 2018 market value of more than \$192,308 shall have their limitations reduced by subtracting \$25,000 from 13% of the 2018 market value and multiplying by the 2018 school tax rate. The Comptroller's Property Value Study is adjusted for the exemption change. (During the Regular Session, this bill did not receive a hearing in House Ways & Means.)

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

Status: Filed.

PURPLE HEART RECIPIENT AND SURVIVING SPOUSE ENTITLED TO TOTAL HOMESTEAD EXEMPTION

HB 72, HJR 20 Bohac

Adds 11.137 and amends 11.42, 11.43, 11.431, 26.10, 26.1125; amends Government Code 403.302; amends Local Government Code 140.011; amends Tex. Const. Art. 8, Section 1-b

HB 72 and its constitutional amendment provide for a total homestead exemption from property taxes for a Purple Heart recipient and to the surviving spouse. The surviving spouse is entitled to the total exemption on the same property to which the Purple Heart recipient's exemption applied if the spouse has not remarried since the death and the property was the residence homestead of the surviving spouse at the time of the recipient's death and remains the residence homestead. The surviving spouse may port the dollar amount of exemption to another homestead. If the Purple Heart recipient qualifies after January 1, the exemption applies only for a portion of the tax year. The homestead application is a one-time application and may be filed up to two years after the delinquency date. The Comptroller adjusts the school property values for this exemption. If the exemption terminates during the year, the taxes are prorated. Local taxing units may include the impact of this exemption in requesting state financial assistance from the Comptroller. (During the Regular Session, this bill died on the House Calendar. The constitutional amendment was received in the Senate.)

Proposed Effective: 1/1/2018, if voters approve constitutional amendment November 7, 2017. The exemption would apply with the taxes imposed on or after January 1, 2018.

Status: Filed.

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

HB 74 Cospers; SB 63

Amends Local Government Code 140.011

HB 74 and SB 63 revise which local governments may apply for state aid for being disproportionately affected by disabled veterans' exemptions and the resulting revenue loss. Added to the local governments are the cities in a county in which a U.S. military installation is wholly or partly located and not

just those that are adjacent to it and to a county that is adjacent to a county with a military base. (During the Regular Session, this bill passed the House but died in the Senate.)

Proposed Effective: 12/1/2017.

Status: Filed.

TOTAL EXEMPTION GRANTED TO
HOMESTEAD OF VERY ELDERLY AND
SURVIVING SPOUSE

HB 95, HJR 24 Swanson

Amends 11.13, 11.42, 11.43, 26.10, 26.112, 33.01; adds Education Code 41.0012 and amends 42.2518, 42.252, 42.302, 44.004, 46.003, 46.032, 46.071; amends Government Code 403.302; adds Tex. Const. Art. 8, Sec. 1-b(q)

HB 1772 provides for a total exemption of the homestead taxes for a homeowner 75 years of age or older, but with no requirement on years of home ownership. This total exemption is in addition to any other homestead exemptions provided. The surviving spouse continues to receive the total exemption if the deceased spouse died qualified for the exemption in the year of death, the surviving spouse was 55 years of age or older at spouse's death and the property was also the residence homestead of the surviving spouse and remains the homestead. The total exemption is effective on January 1 of the year qualified. If the exemption terminates during the year because the homeowner claims another homestead, the taxes are prorated for the time the homestead did not qualify. The Comptroller adjusts the school district's taxable wealth for state funds for this exemption. The school notice for proposed budget and tax rate includes a statement that a person 75 years of age or older or surviving spouse is exempt from taxes. (During the Regular Session, this bill did not receive a hearing in House Ways & Means.)

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

Status: filed.

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

HB 119, HJR 25 Shine

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

HB 119 and constitutional amendment provide that a municipality or county that adopted a percentage homestead exemption in 2014 may repeal that exemption if it adopts a dollar amount of homestead exemption of at least \$5,000 by December 31, 2019. The exemption is adopted before July 1. If the average homestead appraised value in the unit exceeds \$25,000, based on the appraisal records, then the governing body may authorize a larger dollar amount not to exceed an amount equal to 20% of the average homestead's market value in the year that the exemption is adopted. A homeowner who received the percentage homestead exemption is entitled to continue to receive that percentage exemption if it is higher than the dollar amount exemption. This choice ends when the home's ownership changes or there is a change in the trustor or beneficiary of the trust if the homestead is in a qualifying trust. The amount of the dollar exemptions is excluded from the current total value in the truth-in-taxation calculations. (During the Regular Session, a Senate version of this bill died in Senate Finance.)

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

Status: Filed.

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

HB 120, HJR 26 Shine; SB 46, SJR 7 Hinojosa

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

HB 120 and SB 46 and their constitutional amendment provide that, if the chief appraiser adds property or was erroneously exempted in a prior year to the appraisal roll, a tax lien may not be enforced against the property for payment of taxes, penalties or interest as a result of adding the property if at any time after January 1 of that year the property was sold in an arm's length transaction to a person who was not related to the seller within the first degree by blood or marriage. See also *Delinquent Tax Litigation*. (During the Regular Session, the Senate version of this bill died in House Ways & Means.)

Proposed Effective: On date of voter approval of constitutional amendment at election November 7, 2017.

Status: Filed.

DISABLED VETERAN WITH AT LEAST 80%
DISABILITY RATING GRANTED HOMESTEAD
EXEMPTION OF SAME EXEMPTION
PERCENTAGE

HB 129, HJR 29 Leach

Adds 11.136 and amends 11.42, 11.43, 11.431, 26.10,
26.1127, 31.031; amends Tex. Const. Art. 8, Sec. 1-b

HB 129 and its constitutional amendment would provide for a percentage homestead exemption for a disabled veteran that is equal to the disabled veteran's disability rating, if the rating is at least 80% but less than 100%. The surviving spouse continues to receive that exemption if the spouse has not remarried since the veteran's death and the property was and continues to be the spouse's residence homestead. The spouse may port the dollar amount of exemption to a subsequently qualified homestead.

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

Status: Filed.

DISABLED FIRST RESPONDERS AND THEIR
SURVIVING SPOUSES RECEIVE ADDITIONAL
HOMESTEAD EXEMPTION

HB 179, HJR 30 Roberts

Adds 11.138 and amends 11.13, 11.42, 11.43, 11.431,
26.10, 26.1125; amends Government Code 403.302;
adds Tex. Const. Art. 8, Sec. 1-b(u), (v) and (w)

HB 179 and its constitutional amendment provides a total homestead exemption by a taxing unit to a disabled first responder who, as a result of an injury occurring in the in line of duty, receives lifetime income benefits under Labor Code Section 408.161. The surviving spouse of the disabled first responder continues the total exemption if the surviving spouse has not remarried and surviving spouse lived in that home and remains in that home. The surviving spouse may port the dollar amount of exemption to a subsequently qualified home. A one-time application is required. The application must be made within two years of after the delinquency date for the tax year. The exemption applies for the part of the year if qualified after January 1 and is prorated off if the exemption terminates during the year. The Comptroller adjusts the property values for school districts for state aid adjustments to compensate schools for the loss. The exemption applies only to property taxes imposed on or after January 1, 2018.

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

Status: Filed.

SCHOOL HOMESTEAD EXEMPTIONS
INCREASED FOR ONE YEAR, USING MONEY
FROM ECONOMIC STABILIZATION FUND

HB 190, HJR 32 Raymond

Amends 11.13, 11.26; adds Education Code 41.0011
and amends 42.2518, 42.252, 42.302, 46.003, 46.032,
46.071; amends Tex. Const. Art. 3, Sec. 49-g and Art.
8, Sec. 1-b

HB 190 and its constitutional amendment increases the current school homestead exemption to \$71,000 from \$25,000 for the 2018 taxes only. The over-65 or disabled homeowners are increased to \$46,000 from \$10,000, and those homeowners with limitations are adjusted for the \$46,000 times the 2018 tax rate. The state adjusts the taxable wealth of school districts as if the exemption existed for the 2017 tax year, and adjustments are made in state funding for the additional exemption. The constitutional amendment also appropriates \$3.05 billion of the economic stabilization fund to the foundation school program to finance the temporary increase in the school homestead exemptions. (During the Regular Session, this bill did not receive a hearing in House Ways & Means.)

Proposed Effective: 1/1/2018, if constitutional amendment to appropriate money from the economic stabilization fund is passed by Texas voters November 7, 2017.

Status: Filed.

Special Valuation

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

HB 92 Rodriguez of Travis

Adds 23.5215; amends 23.51

HB 92 adds guidelines for uncommon agricultural uses, particularly for small-scale producers on land under 10 acres. In consultation with the Texas A&M AgriLife Extension Service, appraisal districts and producers, the Comptroller shall develop these guidelines and may consider financial investment,

degree of active management and percentage of land tract used for ag uses. The chief appraiser shall distinguish between the degree of intensity required for various agricultural methods, including organic, sustainable, pastured poultry, rotational grazing and other uncommon methods. Producing fruits and vegetables is added to the definition of agricultural use. Land under 10 acres that qualified under these guidelines may not subsequently qualify for wildlife management use. (During the Regular Session, this bill did not receive a hearing in Agriculture & Livestock Committee.)

Proposed Effective: 12/1/2017, with Comptroller guidelines by December 1, 2018 and applies to appraisal of land for 2019 tax year and after.

Status: Filed.

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

HB 162 Springer; SB 48 Schwertner

Amends 23.46

HB 162 and SB 48 add 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. (During the Regular Session, the Senate version reached Senate Calendar and died.)

Proposed Effective: 12/1/2017.

Status: Filed.

NO INTEREST ADDED TO AG ROLLBACK BILL

SB 49 Schwertner

Amends 23.46, 23.47, 23.55, 23.58

SB 49 removes the interest added to an agricultural rollback tax bill, for land qualified under 1-d and 1-d-1. Current law has an annual 7% interest rate calculated for each year on the ag rollback bill for 1-d-1. For an ag rollback tax bill that goes delinquent, penalty and interest is added. (During the Regular Session, the Senate version passed the Senate and died in House Ways & Means.)

Proposed Effective: 12/1/2017.

Status: Filed.

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

SB 78 Nichols; HB 223 Springer

Amends 23.51

SB 78 and HB 223 add that land used principally as an eco-lab by a public or private university does not qualify for appraisal as open-space land unless the land was appraised as open-space land for that use for the 2017 tax year. (During the Regular Session, the Senate version died in the House.)

Proposed Effective: 1/1/2018.

Status: Filed.

Appraisal Review Board (ARB)

CHIEF APPRAISER SUBMITS RECORDS TO ARB EARLIER; SPECIALIZED ARB PANELS REQUIRED IN LARGE CADS

The Property Tax Reform and Relief Act of 2017

SB 1 Bettencourt

Adds 6.425; amends 6.41, 6.414, 6.42, 25.22, 41.03, 41.12, 41.44, 41.45, 41.66, 41.71; repeals change by HB 2228, Regular Session, 2017 to Section 41.44

Submission of Records

SB 1 provides that the chief appraiser shall submit the appraisal records to the ARB for review by May 1, instead of May 15, or as soon thereafter as practicable.

ARB Number

The CAD board in a county with a population of one million or more by a majority of the CAD directors shall increase the size of the ARB to the number of members considered appropriate to manage the ARB duties. The local administrative law judge shall select an adequate number of qualified individuals to permit the ARB chair to fill positions on the special panels. An auxiliary ARB member may not hear taxpayer protests before a special panel established under Section 6.524.

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

ARB Panels

The ARB shall establish specialized panels for properties valued more than \$50 million and included in classified as commercial, utilities, industrial and multi-family. Each special ARB panel consists of three ARB members. The ARB chair may create more than one special panel for each category. In selecting individuals, the local administrative district judge shall select an adequate number of qualified individuals to permit the ARB chair to fill the special panel positions. To be eligible to serve on these panels, a person must hold a law degree, an MBA, be a certified public accountant, a senior appraiser certified by ASA, an MAI, hold a CAE, have 10-plus years of experience in property tax appraisal or consulting or be licensed as a real estate broker or sales agent under Occupations Code Chapter 1101. If an insufficient number of members possess these qualifications, the ARB chair may appoint a member with a bachelor's degree in any field.

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

Taxing Unit Challenge

SB 1 provides that taxing units may no longer challenge the level of appraisals in a category or a territory before the ARB. Other grounds for challenge remain.

ARB deadline to Approve Appraisal Records Earlier

SB 1 sets out the ARB shall substantially complete hearings and approve the appraisal records by July 5, instead of July 20.

Protest Deadline May 15

SB 1 moves the protest deadline to May 15, or 30 days after the date the owner is delivered the Section 25.19 notice, whichever is later, for all protests.

Protest Form for Specialized Properties

The protest form for properties in the commercial, utility, industrial and multifamily categories must permit the owner to request a hearing before a specialized panel. If the owner fails to request a

specialized panel, any panel may hear the protest of that owner.

Disapproved Panel Recommendations

If the whole ARB disapproves a recommendation by a specialized panel for commercial, utility, industrial or multifamily properties, the whole ARB shall conduct the rehearing. If the ARB disapproves the recommendation for any other panel, the ARB must still provide a hearing before another panel. Notices of the rehearing are still required.

Weekend and Evening Hearings

SB 1 provides that the ARB may schedule weekend hearings on a Saturday, but not a Sunday. Evening hearings may be scheduled after 5 p.m. on the weekday, but the first hearing for that evening may not be scheduled to begin after 7 p.m.

For more analysis of SB 1, see also *Appraisal District Administration, Appraisal, Exemption, Appraisal Review Board, Appraisal District Litigation, Assessment and Truth in Taxation* Sections.

Proposed Effective: 1/1/2018, except some parts 9/1/2018 and others 1/1/2019.

Status: Filed 7/18/17; scheduled for hearing in Senate Government Reform 7/22/17.

FIVE ARB MEMBERS ELECTED BY COUNTY VOTERS

HB 48 Keough

Adds 6.4101; amends 5.103, 6.41, 6.411, 6.413, 6.414, 6.42, 41.66; repeals various subsections of Tax Code; amends Election Code 52.092

HB 48 provides that county voters shall elect five ARB members at the general election for state and county officers. The application and filing fee of \$250 is filed with the county judge to be listed on the ballot as an independent candidate. The elected ARB members shall serve two-year terms that begin on January 1 of odd-numbered years. The county commissioners shall appoint a person to fill a vacancy on the ARB. Grounds for removal are the same as current law, plus adding the removal for failure to complete the Comptroller's training course. The bill removes the application for ARB membership from the Comptroller's model guidelines. The elected ARB members may appoint auxiliary ARB members to one-year terms. Auxiliary ARB members may not serve more than two consecutive terms. The ARB

selects its chair and secretary. (During the Regular Session, this bill did not receive any hearing in House Ways & Means.) See also *Appraisal District Administration*.

Proposed Effective: 1/1/2019, with first election in November 2018 and terms beginning January 1, 2019.

Status: Filed.

NOTICE OF PROTEST HEARING DELIVERED BY CERTIFIED MAIL IF REQUESTED

HB 87 Bell

Amends 1.085 and 41.46

HB 87 requires that the ARB deliver the notice of hearing for protests filed under Section 41.44 by certified mail if the owner requests such notice with the protest. The ARB may provide that the property owner pays the costs of postage. The ARB shall deliver notice of the hearing by email if, in the notice of protest, the property owner requests delivery by email and provides a valid email address. The property owner does not need to enter into an agreement to be entitled to receive the notice of hearing by email. (During the Regular Session, a version of this bill did not receive any hearing in House Ways & Means.)

Proposed Effective: 12/1/2017.

Status: Filed.

ARB CORRECTION REQUIRED IF HOME SELLS FOR LESS THAN APPRAISED VALUE

HB 155 Phelan

Amends 25.25

HB 155 adds that, on the motion of a property owner or chief appraiser, the ARB may direct that a homestead value be reduced for the current tax year and either of the two preceding tax years to the sales price of the homestead in the current tax year. The value change applies to a property that qualifies as the owner's residence homestead, the sales price is at least 10 percent less than the property's appraised value and the ARB finds that the sales price reflects the property's market value. (During the Regular Session, this bill did not receive a committee hearing.)

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

Status: Filed.

ARB MEMBERS ELECTED BY COUNTY VOTERS; PROPERTY TAX ADMINISTRATION CHANGED FOR ARB TRAINING, COMPTROLLER STUDY,

HB 203 Miller

Adds 6.4101, mends 5.041, 5.103, 6.41, 6.411, 6.413, 6.414, 6.42, 41.66; amends Election Code 52.092; amends Government Code 403.302

HB 203 changes the Comptroller's Property Value Study margin of error from 5% to 10%. The Comptroller's beginning ARB training course is at least eight hours of training and education, with the continuing education course for other ARB members at four hours. The Comptroller's model hearing procedures removes the requirement for process for administering applications for ARB members. The minimum number of ARB members is increased from three to five members and are elected by the voters in the county to two-year terms in odd-numbered years. The filing fee is \$250. The ARB members select the ARB chair and secretary.

Proposed Effective: 1/1/2018.

Status: Filed.

COMPTROLLER APPOINTS ADVISORY COMMITTEE, ALONG WITH CHANGES TO THE ARB TRAINING PROGRAM, ARB SURVEYS, NEW TRAINING PROGRAM FOR ARBITRATORS AND OTHERS

SB 21 Nelson

Adds 5.043, 5.104, 41.462; amends 1.085, 5.102, 5.041, 5.103, 6.412, 6.42, 25.25, 41.46, 41.461, 41.47, 41.66, 41.67, 41.71, 41A.06, 41A.061, 41A.09; repeals various subsections; amends Government Code 403.302

State Administration

The Comptroller shall appoint at least six members to a Property Tax Administration Advisory Board to advise the Comptroller with state administration of property taxation, state oversight of appraisal districts and local tax offices, effectiveness and efficiency of the property tax system, best practices, complaint resolution and the Property Value Study. 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 beginning ARB training class by the Comptroller must be at least eight hours of classroom training and education. The advanced ARB training class must be at least four hours. The Comptroller may assess a fee not to exceed \$50 to train a person other than an ARB member.

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

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

ARB Members and Officers

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

ARB Notices and Decisions

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

For Section 25.25 corrections of a certified value, the ARB may correct an error in the square footage of a property described in the appraisal roll.

The ARB notice for a protest hearing shall also include the subject matter of the hearing. The CAD provides the delivery of requested information at no charge to the requestor, regardless of the means of delivery. The chief appraiser may deliver the information by regular first-class mail, email by written agreement or to a URL address on the CAD's website, with an option for the property owner or agent to receive the information by regular first-class mail.

The ARB may not determine the appraised value of a protested property to an amount greater than the value submitted by the chief appraiser.

The ARB determination sent by certified mail is delivered not later than the 15th day after the protest and is sent to either the owner or the designated agent, along with a copy of the Comptroller's ARB survey and instructions.

The ARB may also postpone a hearing at the request of the agent (not just the property owner). The chief appraiser sends the owner/agent at least 14 days before the *first* scheduled hearing certain information, so that same information is not required to be sent for

re-scheduled hearing dates. Information not delivered at least 14 days before the first scheduled hearing may not be used or offered in a form as evidence, including as a document or through argument or testimony.

The ARB may schedule hearings on all protests filed by an owner or agent to be held consecutively, with the hearing notice stating the date and time of first hearing, state the date the last hearing will end and list the order of the hearings to be held. The hearing order may not be changed without agreement of the owner/agent, the chief appraiser and the ARB. A re-scheduled hearing may not be held before seven days after the last hearing unless there is agreement by the owner/agent, chief appraiser and ARB. Unless agreed by the parties, the ARB must provide written notice of the date and time of the rescheduled hearing to the owner or agent no later than seven days before the hearing date. At the end of a protest hearing, the ARB shall provide the owner/agent with one or more documents that the ARB members signed the ex-parte communications affidavit and the panel's recommendation on the property's value.

The ARB by rule shall provide for hearings on a Saturday or after 5 p.m. on a weekday. The ARB may not schedule the first hearing on a weekday evening to begin after 7 p.m. or a hearing on a Sunday. (During the Regular Session, a similar bill passed the Senate but died in House Ways and Means.)

Proposed Effective: 1/1/2018.

Status: Filed.

ARB MAY NOT SET PROPERTY VALUE HIGHER THAN THE VALUE SUBMITTED BY CHIEF APPRAISER

SB 50 Buckinghame

Amends 41.47

SB 50 provides that the ARB may not determine a property's appraised value greater than the value that is shown in the appraisal records submitted to the ARB by the chief appraiser, unless agreed to by the parties to the protest.

Proposed Effective: 1/1/2018.

Status: Filed.

Appraisal District Litigation

DISTRICT COURT GRANTED MORE AUTHORITY TO DETERMINE TAX APPEALS

HB 49 Geren; HB 165 Geren

Adds 42.231 and amends 42.01

HB 49 and HB 165 are identical; they add that the property owner may appeal to district court a motion filed under Section 25.25 for a correction or 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 decision that the ARB lacks 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. (During the Regular Session, this bill died in House Ways & Means.)

Proposed Effective: 1/1/2018.

Status: Filed.

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

HB 99 Springer

Amends 42.23

HB 99 adds to current language about a CAD employee testifying at a court hearing on the value of a property for the court to give preference to an employee who is registered under Occupations Code 1103 if the appraised or market value of the property is less than \$1 million, as provided in the ARB order. This change would be effective January 1, 2020. For a property whose market value or appraised value is \$1 million or more, the CAD employee may not testify as to the property value unless the employee is authorized to perform an appraisal under Occupations Code Chapter 1103. (During the Regular Session, this bill died on the House Calendar.)

Proposed Effective: 12/1/2017, with the first change to Section 42.23 effective 1/1/2020.

Status: Filed.

Assessment & Truth-in-Taxation

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

The Property Tax Reform and Relief Act of 2017

SB 1 Bettencourt

Adds 26.061, 26.062, 26.17, 26.18 and amends 5.07, 5.091, 6.05, 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; amends Education Code 45.105 and 130.016; amends Government Code 403.302; amends Health and Safety Code 281.124; amends Local Government Code 102.007, 111.008, 111.039, 111.068 and repeals 140.010; amends Special District Local Laws Code 1122.2522, 3828.157, 8876.152; amends Water Code 49.107, 49.108, 49.236 and repeals 49.2361

This omnibus tax bill limits the increase in the rollback tax rates to 4% for most taxing units, except small taxing units, which stay at 8%. If the taxing unit is located in a disaster area, as declared by the governor or President, then the 8% increase is used during the current year. Except for small taxing units, rollback tax elections are converted to ratification tax elections, with no requirement for a citizen petition. Small taxing units still have the rollback petition process.

Comptroller's Duties

The Comptroller's uniform record system shall prescribe the tax rate calculation forms used by local taxing units. The electronic forms shall be fillable forms and be capable of being certified as accurately calculating the applicable tax rates. The forms must be capable of being electronically incorporated into the real-time tax rate database maintained by the tax rate officer of each appraisal district and submitted electronically to the county tax assessor-collector. The Comptroller may update the forms, including changes resulting from new laws. The Comptroller may receive a request in writing to revise the forms, which must be approved by a majority of a Comptroller committee composed of taxpayers, taxing units or persons designated by taxing units. If

mediation is required, the person requesting the revision pays the costs of mediation.

By January 31 of the following tax year, the Comptroller shall publish the statewide list of tax rates, including school districts (currently not required), and be organized alphabetically by county or counties in which each taxing unit is located rather than descending order by rate. The Comptroller shall include the total tax rate adopted by each taxing unit.

Chief Appraiser's Duties

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

The chief appraiser shall establish an office of tax rate notices in the appraisal district. The office delivers the notices required by Tax Code Section 26.05 and maintains the database of calculations. The chief appraiser appoints the tax rate officer, and other personnel may assist in the functions. All communications identify the office as the County Office of Tax Rate Notices, rather than as the appraisal district.

By July 22 or as soon as practicable, the tax rate officer delivers by regular mail or email to each property owner in the appraisal district a notice that the estimated taxes to be imposed on the owner's property by each taxing unit is in the real-time tax rate database maintained by the tax rate officer. The notice includes language set out in the law, including the database website, a statement that the owner may request from the county tax assessor-collector contact information for a taxing unit's assessor, and the address and phone number of the county tax assessor-collector.

The new Section 26.17 is the real-time tax rate database, continuously updated as preliminary and revised data become available, accessible to the public and searchable by property address and owner. The database can generate a real-time tax rate notice that includes: property ID number; market value; taxable value; taxing unit names; for each unit other than a school district, the equivalent tax rate and rollback tax rate; for a school district, the rate to maintain same level of state and local revenue and the

rollback tax rate; the proposed rate; taxes based on the various rates and the difference; date and location of each public hearing; date and location of meeting to adopt; and taxing unit email address. The database includes a link for taxing units to post information.

Equivalent Tax Rate, Rollback Tax Rate and Posting

The “Equivalent maintenance and operations rate” replaces the effective M&O rate. “Small taxing unit” is defined as a unit, other than a school district, that the total tax rate proposed for the current year is 2 cents or less or imposes \$10 million or less when applied to the current total value.

The anticipated collection rate may exceed 100%. If the anticipated collection rate calculated for the debt rate is lower than the lowest actual collection rate of the unit for any of the preceding three years, the anticipated collection rate for the calculation is equal to the lowest actual collection rate for any of the preceding three years

The tax assessor submits the total values and anticipated collection rate by July 15, rather than August 1. The taxing unit’s designated officer or employee provides the “equivalent” rate and rollback rate calculations. The rollback tax rate for a small taxing unit is the equivalent M&O rate, times 8%, plus the current debt rate. For other units, the rollback tax rate is the equivalent M&O rate, times 4%, plus current debt rate. If the unit is located in an area declared a disaster area during the current tax year, the equivalent M&O rate uses 8%. The designated officer or employee uses the Comptroller tax rate calculation forms. The officer or employee may not submit the rates to the taxing unit’s governing body until the officer or employee certifies on the tax rate forms that the rates are accurately calculated and used values from the certified appraisal roll.

The officer or employee submits the worksheets to the county tax assessor-collector for each county in which the unit is located. The governing body of the taxing unit include as an appendix of the unit’s current budget these worksheets used by the designated officer or employee to calculate the equivalent tax rate and rollback tax rate.

By July 22, rather than August 7, the designated officer or employee submits the calculations and appraisal roll to the taxing unit’s governing body. By

July 27, the designated officer or employee publishes the TNT information as prescribed by the Comptroller in one of the following ways: by mail to each property owner, in the newspaper or post prominently on the Internet home page of the unit. The information includes the equivalent rate, rollback rate, and other items found in the current law. The “equivalent” rate certification and the notice requirements do not apply to a school district.

Governing Body Duties

The taxing unit’s governing body must adopt its tax rate before September 30 or 60 days after the roll is received, unless the governing body votes to increase the rate above the rollback rate, which must be adopted by August 15. The governing body may not hold a public hearing on a proposed tax rate or a public meeting to adopt the rate until 14 days after the officer or employee complies with new Section 26.17. The governing body may not adopt the tax rate until the tax rate officer of each CAD has delivered the notice to property owners, the designated officer or employee has entered in the real-time tax rate database the items required, incorporated the completed tax rate calculation form into the real-time tax rate database and posted the information on its website.

If the unit has the additional sales tax, the unit may not adopt the tax rate until the chief financial officer or auditor has certified that the amounts of additional sales and use tax revenue that will be used to pay debt service has been deducted from the amount published.

A unit with a tax rate of \$0.50 or less generating \$500,000 or less may provide public notice by mailing to each property owner, publishing in the legal notice section of the newspaper or posting the proposed tax rate on the home page of the unit’s Website.

The language for the *Notice of Public Hearing on Tax Increase* is changed. For a small taxing unit, the notice for a proposed tax rate that exceeds the equivalent tax rate and the rollback tax rate is stated, including with dates for two public hearings and that voters can petition to rollback the adopted tax rate. The language of the *Notice* is different if the proposed tax rate exceeds the equivalent tax rate but not the rollback tax rate, including that citizens may express support or opposition to the proposed rate by

contacting the governing body members. The third version is for a proposed tax rate that does not exceed the equivalent tax rate but exceeds the rollback tax rate, and that voters may petition for a rollback election.

For taxing units other than small taxing units, the *Notice of Public Hearing on Tax Increase* varies if the proposed tax rate exceeds the equivalent tax rate and the rollback tax rate, including requiring a rollback tax rate election to be held and the date of the election. If the proposed tax rate exceeds the equivalent tax rate but not the rollback tax rate, then the language of the notice includes that citizens may express support or opposition to the proposed tax rate. The third version is for a proposed tax rate that does not exceed the equivalent tax rate but exceeds the rollback tax rate, and includes the date for the rollback election.

The *Notice of Public Hearing* is delivered by mail to each owner, published in a newspaper or posted prominently on the home page of the unit's website. The *Notice of Tax Revenue Increase* is posted before the unit adopts the tax rate. The vote on the tax rate must be before the 7th day after the second notice is published under the Tax Code (instead of the 14th). A new notice is added for a unit other than a school district that proposes to vote on a proposed tax rate that does not exceed the lower of the equivalent or rollback tax rate.

Along with the Section 26.06 notices, additional information is included at the end of the notice in a specific table, consisting of five row and four columns, formatted in a specific way, with total rate, preceding year's adopted rate, proposed rate, nominal and percentage difference of rate; average homestead value, average taxable value for preceding year and current year and percentage difference, tax on average homestead preceding year and current year and nominal and percentage differences; and total tax levy last year and levy with the proposed rate and the nominal and percentage differences.

Water districts have changes to their notice. Counties and cities move back to following the TNT notices in the Tax Code and not the Local Government Code.

A property owner is entitled to an injunction restraining collection of taxes if the unit has not complied with these requirements. An action to

enjoin collection of taxes must be filed no later than 15 days after the date the taxing unit adopts a tax rate. The good faith provision is removed. The owner is not required to pay the taxes imposed on the owner's property while an action filed by the owner is pending. If the owner pays the taxes and prevails, the owner is entitled to a refund, together with reasonable attorney's fees and court costs.

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

Each taxing unit must maintain a Website and post the required tax rate information, along with other items.

Each county is required to maintain an Internet website. The county assessor-collector shall post the five years of rate information, with the equivalent tax rate and equivalent M&O rate. In addition, the county tax assessor-collector shall post on the county's website the worksheets used by the designated officer or employee for each taxing unit for the most recent five years, along with the name and contract information for each member of the taxing unit's governing body. The information is posted not later than August 1.

For more analysis of SB 1, see also *Appraisal District Administration, Appraisal, Exemption, Appraisal Review Board, Appraisal District Litigation, Assessment and Truth in Taxation* Sections.

Proposed Effective: 1/1/2018, except some parts 9/1/2018 and others 1/1/2019.

Status: Filed 7/18/17; scheduled for hearing in Senate Government Reform 7/22/17.

FEWER SIGNATURES REQUIRED ON A PETITION TO CALL FOR A TAX RATE ROLLBACK ELECTION

HB 81 Darby
Amends 26.07

HB 81 lowers the required number of registered voters in a taxing unit that must sign a petition calling for a tax rate rollback election. If the taxing unit levies at least \$10 million in M&O taxes, then at least 1% of the registered voters must sign. Current law is 7%. If the taxing unit levies less than \$10 million in

M&O taxes, then at least 3% of the registered voters must sign the petition. Current law is 10%.

Proposed Effective: 1/1/2018, with the 2018 tax year.

Status: Filed.

SCHOOL TAX RATE RATIFICATION ELECTION
HELD ON FIRST UNIFORM ELECTION DATE

HB 124 G. Bonnen

Amends 26.08; amends Election Code 3.005

HB 124 provides that a school tax rate ratification election be held on the first uniform election date prescribed by Election Code 41.001 that allows sufficient time to comply with all other requirements of law. Current law requires the election be held 30 to 90 days after adopting the tax rate. (During the Regular Session, this bill died in House Calendars.)

Proposed Effective: 1/1/2018.

Status: Filed.

COMPTROLLER CREATES POLITICAL
SUBDIVISION PUBLIC INFORMATION
WAREHOUSE

HB 180 Shine

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

HB 180 requires the Comptroller to create an accessible, searchable, free Internet database called the Political Subdivision Public Information Warehouse to include all political subdivisions that impose an ad valorem tax or sales and use tax or issue bonds, notes or other obligations. Each entity's information includes name, rate of any sales and use tax, table of property tax rates as set out in Tax Code Section 26.16, total debt amount and its terms and the Internet website address. The data may include boundaries, current budget, current check registry and any current financial audit or annual report. The Comptroller will update the tax rates annually. The Texas Education Agency shall transmit electronically each school district's budget and financial reports to the Comptroller. Entities, other than school districts, that issue general obligation bonds, or taxing units defined in Tax Code Section 1.04 or entities that imposes a sales tax shall provide information annually. If active on December 1, 2017, the information is sent no later than September 1, 2018. If created after that date, then within six months of creation date.

Proposed Effective: 12/1/2017, with the website by the Comptroller by December 31, 2019.

Status: Filed.

SUPERMAJORITY REQUIRED TO PASS AN
ELECTION TO ISSUE BONDS BY A POLITICAL
SUBDIVISION

SB 52 Huffines

Adds Election Code Chapter 2, Subchapter E

SB 52 requires that at least three-fifths of the voters in a bond election must vote in favor to authorize the issuance of bonds.

Proposed Effective: 12/1/2017.

Status: Filed.

Tax Collections

MONTHLY INSTALLMENT PAYMENTS BY
DISABLED VETERANS OR SURVIVING
SPOUSE ADDED

HB 116 Uresti

Adds 31.033 and amends 31.031, 31.08, 33.08

HB 116 revises the Tax Code sections on quarterly installment payments by certain homeowners. Section 31.031 is changed to address quarterly payments by homeowners who qualify for Section 11.13 exemptions, by disabled veterans or unmarried surviving spouse who have a donated homestead and for disabled veterans or unmarried surviving spouse on property that receives an exemption under Section 11.22. New Section 31.033 adds monthly payments by homeowners who receive a Section 11.13 exemption, by disabled veterans or unmarried surviving spouse on a donated homestead, and by disabled veterans or unmarried surviving spouse on property that receives the Section 11.22 disabled veteran exemption. For 10 equal monthly payments, the owner pays the first installment before November 1, along with a notice to the taxing unit that the person will pay the remaining in nine equal installments. Each payment is due before the first day of the next month with the 10th payment due before August 1. A payment after January 1 that is not paid timely is delinquent and incurs the 6% penalty and 1% monthly interest rate. A person may not pay less than the due amount, unless the collector accepts partial payments. The unpaid amount remains delinquent. (During the

Regular Session, a version of this bill died in House Ways & Means.)

Proposed Effective: 1/1/2018.

Status: Filed.

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

HB 131 Leach

Amends 31.01

HB 131 requires that a school tax bill includes additional information for a Chapter 41 (wealthy) school district, which equalizes its wealth by purchasing average daily attendance credits from TEA. The school tax bill shall include or separately state the percentage of M&O taxes imposed for the current tax year that the school district is required to purchase credits and the percentage imposed not for that purpose. For other school districts, the school tax bill states the percentage of M&O revenue that is derived from M&O taxes for the current tax year, the percentage of M&O taxes in the beginning of the preceding tax year, the percentage of state funds for M&O operation to the districts in the current year and the percentage of state funds for M&O in the preceding tax year. (During the Regular Session, both the House and Senate bills died in committee.)

Proposed Effective: 1/1/2018.

Status: Filed.

Delinquent Tax Litigation

INTEREST RATE CHANGED ON TAX DEFERRAL ON RESIDENCE HOMESTEAD OF ELDERLY OR DISABLED

HB 108 Murphy; HB 158 Metcalf; HB 159 Metcalf

Amends 33.06, 33.065

HB 108 changes the interest rate on a tax deferral or abatement to the five-year Constant Maturity Treasury Rate reported by the Federal Reserve as of January 1 of the year in which the deferral or abatement was obtained, in place of the 5% set out in Section 33.06 by HB 150 (Regular Session), which is effective if HJR 21 (Regular Session) is passed by Texas voters November 7, 2017. If voters do not approve HJR 21, then HB 108 would change the current 8% interest rate in Section 33.06 to the five-year Constant Maturity Treasury Rate.

For Section 33.065, the tax deferral interest rate on an appreciating residence homestead changes to the five-year Constant Maturity Treasury Rate from the current 8% rate. HB 108 states that this is also contingent on HJR 21 (Regular Session), but Section 33.065 is not amended by HB 150 (Regular Session). (During the Regular Session, this bill died at House Calendars.)

HB 158 reduces the interest rate on a tax deferral on an appreciating residence homestead from the current 8% to 5%.

HB 159 reduces the interest rate on a tax deferral or abatement from the current 8% to 5% for the residence homesteads of the elderly or disabled homeowners. HB 217, Regular Session, also adds the disabled veteran with a Section 11.22 exemption to the list that may defer taxes. [Note: HB 150, Regular Session, also lowers the interest rate from 8% to 5%, but HB 150 is effective if voters pass the constitutional amendment in November found in HJR 21.]

Proposed Effective: 1/1/2018.

Status: Filed.

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

HB 115 Greg Bonnen

Amends 31.02, 3301

HB 115 addresses the waiver of penalty and interest on a delinquent tax of an active military person. Current law provides for a 60-day period for the active military person to pay with no penalty and interest during a war or national emergency declared by federal law. HB 115 removes the requirement of being during a war or national emergency. HB 115 also allows the active military person to defer payment with interest accruing at 6% and incurring no penalty. (During the Regular Session, this bill passed the House but died in Senate Finance.)

Proposed Effective: 12/1/2017.

Status: Filed.

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

HB 120, HJR 26 Shine; SB 46, SJR 7 Hinojosa

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

HB 120 and SB 46 and their constitutional amendment provide that, if the chief appraiser adds property or appraised value that was erroneously exempted in a prior year to the appraisal roll, a tax lien may not be enforced against the property for payment of taxes, penalties or interest as a result of adding the property if at any time after January 1 of that year the property was sold in an arm's length transaction to a person who was not related to the seller within the first degree by blood or marriage. See also *Exemptions*. (During the Regular Session, the Senate version of this bill died in House Ways & Means.) Proposed Effective: On date of voter approval of constitutional amendment at election November 7, 2017.

Status: Filed.

County Tax Assessor-Collectors

School Finance

HOUSE PLANS ADDITIONAL \$1.6 BILLION FOR
PUBLIC SCHOOL FUNDING

HB 21 Huberty

Adds Education Code 30.0561, 42.1041, 42.107, 42.1561, 42.2541, Chapter 42H; amends 11.158, 12.106, 29.097, 29.098, 29.153, 29.198, 30.087, 34.002, 34.007, 39.0233, 41.099, 41.257, 42.006, 42.101, 42.103, 42.151, 42.153, 42.154, 42.1541, 42.2518, 42.259, 42.2591, 42.302, 46.032; amends Government Code 466.355; repeals 39.233, 39.234, 42.155, 42.160 and 42.2513.

HB 21 (same number as in Regular Session, where it died in Senate), is 26 pages on school finance reform. Some of those changes include increasing basic student allotment by \$375 to \$5,140 per student, up from \$4,765. The small school adjustment stating at least 300 square miles is deleted and provides a future funding formula to 2022. Open-enrollment charter schools receive funds based on a per student formula,

with total amount of funds set at \$25 million. The Texas School for the Deaf receives transportation allotment. An equalized wealth level for the state results in approximately the same number of Chapter 41 (wealthy) school districts during the preceding state fiscal biennium. By November 1 before a legislative session, the Education Agency shall provide student enrollment and the Comptroller's estimate of any increase in total taxable value of all property. Payments to certain school districts adjusted from on or before August 25 to after September 5 and not later than September 10 of the calendar year following the year of the first payment. This payment change is made on or after September 1, 2018. The funding formulas add additional funding for students with dyslexia or related disorders. The Education Commissioner may award financial hardship grants to eligible districts whose M&O state and local revenue per weighted student is less than it was in the 2016-2017 school year. \$75 million is set aside to assist local school districts in paying principal and interest on eligible bonds.

Proposed Effective: 9/1/2017 if passed by two-thirds of both houses; otherwise, effective on the 91st day after the last day of the special session.

Status: Filed.

TEA REDUCES ISD TAXABLE VALUE BASED
ON ISD PROVIDING SOCIAL SECURITY
COVERAGE

HB 62 G. Hinojosa

Adds Education Code 42.2529

HB 62 requires the Education Commissioner to reduce a school district's taxable value if the district provided Social Security coverage for all district employees before January 1, 2017. The Commissioner reduces the value by a percentage equal to the district's required contribution for Social Security. (During the Regular Session, this bill did not receive a hearing in Public Education Committee.)

Proposed Effective: 9/1/2017 if passed by two-thirds of both houses; otherwise, effective on the 91st day after the last day of the special session.

Status: Filed.

STATE PAYS AT LEAST 50% OF OPERATING TEXAS PUBLIC SCHOOL SYSTEM

HJR 18 Howard; SJR 6 Rodriguez

Amends Tex. Const. Art. 7, Sec. 1

HJR 18 and SJR 6 would require the Texas Legislature to appropriate at least 50% of the cost of maintaining and operating the Texas public school system. The Comptroller would be prohibited from certifying the appropriation unless this requirement was met. (During the Regular Session, the House version did not receive a hearing in Appropriations.) Proposed Effective: If voters approve constitutional amendment November 7, 2017.

Status: Filed.

STATE SETS UP PROPERTY TAX RELIEF FUND

HB 75 Darby

Amends Government Code 403.109

HB 75 requires the Comptroller to transfer to the Property Tax Relief Fund one-half of any unencumbered positive balance of general revenues on the last day of the preceding state fiscal biennium. Proposed Effective: Immediately on Governor's signature, if passed by two-thirds of both houses; otherwise, effective on the 91st day after the last day of the special session.

Status: Filed.

PROPERTY VALUE INCREASES IN FUNDING FOUNDATION SCHOOL PROGRAM DELETED

HB 78 Darby

Amends State Appropriations, SB 1, passed during the Regular Session

HB 78 removes from the Formula Funding that the Education Commissioner uses for allocating to local school districts this provision: "Property values, and the estimates of local tax collections on which they are based, shall be increased by 7.04 percent for tax year 2017 and by 6.77 percent for tax year 2018."

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

Status: Filed.

SCHOOL MAINTENANCE AND OPERATIONS PROPERTY TAXES ABOLISHED

HB 82, HJR 21 Darby

Repeals Education Code 45.002; adds Tex. Const. Art. 8, Section 1-e-1

HB 82 and its constitutional amendment would abolish school maintenance and operations (M&O) taxes and have the Texas Legislature create a more equitable means of meeting the state's constitutional duty to support and maintain an efficient system of public free schools. The "Robin Hood" redistribution of local school taxes is eliminated.

Proposed Effective: 12/1/2017, with the elimination of school M&O taxes January 1, 2020, if the Texas Legislature enacts a fairer system and if voters approve constitutional amendment November 7, 2017.

Status: Filed.

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

HB 168 VanDeaver

Amends 26.08

HB 168 permits school districts whose local voters have approved higher M&O tax rates in elections held since 2006 to use the higher of the current rollback tax rate calculation or the highest M&O tax rate adopted since 2007 by that school district, plus its current debt rate. The Comptroller shall study and report to the legislature the impact of this law. (In the Regular Session, this bill died in House Education Committee.)

Proposed Effective: 1/1/2018.

Status: Filed.

TEXAS COMMISSION ON PUBLIC SCHOOL FINANCE CREATED

HB 191 P King; HB 200 Gonzalez; SB 69 Perry

HB 191 adds Education Code 42.103; HB 200 adds Chapter 42, Subchapter L

HB 191 creates the 13-member Texas Commission on Public School Finance to recommend improvements to public school funding. HB 200 creates an 18-member Commission, including a teacher, parent and educational specialists. SB 69 has a 15-member Commission and will evaluate the loss of the additional state aid for tax reduction (ASATR). The

Commission's report is due by December 31, 2018. The Commission is abolished January 8, 2019.

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

Status: Filed.

SMALL ISD ADJUSTMENT CHANGED IN SCHOOL FUNDING

SB 22 Hall; HB 100 Springer; HB 194 Ashby; SB 71 Perry

Amends Education Code 42.103; HB 194 also amends Education Code 12.106

These bills remove the small size of less than 300 square miles from the basic allotment formula. HB 194 and SB 71 also adds formulas for the years beginning September 1, 2020, 2021, 2022 and 2023.

Proposed Effective: SB 22 has effective 9/1/2017 if passed by two-thirds of both houses; otherwise, effective on the 91st day after the last day of the special session. HB 100 has effective 1/1/2018. HB 194 is effective 9/1/2019.

Status: Filed.

TEXAS PUBLIC SCHOOL FINANCE CHANGED

SB 40 Rodriguez

Adds Education Code 42.010, 42.011 and amends 29.918, 39.0233, 41.002, 41.093, 41.099, 42.101, 42.152, 42.153, 42.251, 42.253, 42.302, 43.001, 45.259 and repeals various sections

SB 40 revises funding to Texas school districts by removing the \$319,500 wealth per student for the M&O tax effort to the amount available at the 95th percentile in wealth per student. The state allots \$5,440 per student in average daily attendance, up from \$4,765. It increases it to \$5,840 for September 1, 2018. The Texas Education Agency will perform a comprehensive review of school finance weights, allotments and adjustments. After each legislative session, the Education Commissioner shall conduct a study of any law enacted that affects the equalized wealth level under Chapter 41 or the Foundation School Program under Chapter 42.

Proposed Effective: 9/1/2017 if passed by two-thirds of both houses; otherwise, effective on the 91st day after the last day of the special session.

Status: Filed.

ADDITIONAL STATE AID FOR TAX REDUCTION CONTINUED

SB 62 Kolkhurst; SB 68 Perry

Adds Education Code 42.25162 and amends 42.2516, 42.2518

SB 62 and SB 68 (identical provisions) continue the additional state aid for tax reduction (ASATR) through the 2022-2023 school year.

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

Status: Filed.

SCHOOL FINANCE ADJUSTMENTS FOR BASIC ALLOTMENT, ASATR AND OTHERS

SB 67 Perry; SB 70 Perry; SB 72 Perry

Adds and amends Education Code

These three bills address various changes in school funding. SB 67 increases the basic allotment from \$4,756 to \$5,140 and the ASATR funds for the next two school years, with \$150 million for the 2017-2018 school year and \$75 million for 2018-2019 school year. SB 70 provides additional state aid for certain common school districts. SB 72 provides additional state aid by the Education Commissioner to a district that has substantially all the students residing in the county, resulting with a degree of hardship should the district discontinue providing public education.

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

Status: Filed.

Special & Miscellaneous

Open Meetings, Chapter 551

Open Records, Chapter 552

Other Codes and Statutes

MUNICIPAL ANNEXATION REVISED

HB 6 Huberty; SB 6 Campbell

Adds, amends and repeals various sections in Local Government Code Chapter 43; adds Special District Local Laws Code Chapter 9073 and amends 8395.151, 8396.151, 8397.151, 8398.151, 8399.151, 8400.151, 8402.151, 8489.109, 9038.110, 9039.110; amends Water Code 5.701

HB 6 and SB 6 is a 51-page bill to change provisions for annexation of territory by municipalities, based on the size of the city and the county in which the city is located.

Proposed Effective: 12/1/2017

Status: Filed; SB 6 scheduled for hearing in Senate State Affairs 7/23/17.

BOND BALLOT LANGUAGE CHANGED

HB 110 Murphy

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

HB 110 changes the ballot language for bond elections to require more information about the taxing unit's taxes, maturity date of bonds, outstanding debt secured by property taxes, taxes on \$100,000 home value to repay current debt for the increase to repay new debt if approved. The taxing unit includes this information on its website for at least 45 days before the order issuing the bonds. These are debts payable from property taxes and does not include public securities designated as self-supporting by the political subdivision issuing the securities. This ballot language applies to a political subdivision with at least 250 registered voters on the date the election is called. (During the Regular Session, this bill died on the House Calendar.)

Proposed Effective: 12/1/2017.

Status: Filed.

CELL PHONES RESTRICTED WHEN DRIVING

HB 117 Uresti; SB 39 Zaffarini; HB 171 Goldman; SB 15 Huffines

Amends Transportation Code 545.4251 (new 9/1/2017) and amends 545.424, 545.425, 708.052;

adds Transportation Code 542.2034 and amends 545.425

These bills revise legislation passed during the Regular Session to restrict the use of cell phones while driving. Effective September 1, HB 62, Regular Session, provides that a driver commits a misdemeanor offense for using a hand-held device to read, write or send a text-based message while operating a motor vehicle that is not stopped.

HB 117 and SB 39 would amend the provisions found in HB 62. They define "hands-free device" and provide that affirmative defenses are not available for an offense committed by a person under 18 years of age or by a person operating a school bus. SB 39 also includes when an operator of a commercial motor vehicle, other than a school bus, may use the portable wireless communication device.

HB 171 and SB 15 adds that the changes by HB 62 prohibits the local authority to regulate or prohibit the use of wireless communication device while operating a motor vehicle. The local peace officers enforce the state law.

Proposed Effective: 9/1/2017 if passed by two-thirds of both houses; otherwise, effective on the 91st day after the last day of the special session.

Status: Filed; SB 15 referred to Senate Business & Commerce 7/19/17.

LEGISLATURE LIMITS ANNUAL EXPENDITURES BY A CITY OR COUNTY

SB 18 Estes; HB 206 Villalba

Adds Local Government Code 140.012

SB 18 and HB 206 places a limit on a city or county in its annual expenditures from all sources of revenue to not exceed the greater of the preceding year or the amount of the preceding year plus the sum of 1 and the LBB published rate. By January 31 each year, the LBB publishes a rate equal to the product of the rate of growth in the state's population and the state's monetary inflation rate, using the effective consumer price index. A city or county may exceed this rate if the local voters approve the additional expenditures at an election on a uniform election date or the Governor declares or renews a disaster declaration for that fiscal year. Revenue for issuing bonds approved by voters or from a grant, donation or gift are not considered available sources of revenue.

Proposed Effective: 12/1/2017.

Status: Filed; SB 18 referred to Senate Government Reform 7/19/17.

PERSON RECOUPS ATTORNEY'S FEES AND COURT COSTS FOR CHALLENGE IN COURT

SB 54 Huffines

Adds Civil Practice and Remedies Code Chapter 38A

SB 54 authorizes a court to award attorney's fees and court costs to a person who prevails in the action of challenging an order, ordinance or measure of a political subdivision as unenforceable because that action was preempted by state constitution or state law. The award of attorney's fees and court costs also can occur if an officer of a political subdivision failed to perform an act of the office required by state constitution or state law. The political subdivision for whom the public officer served at the time pays those amounts. (During the Regular Session, this bill passed the Senate but died at House Calendars.)

Proposed Effective: 9/1/2017.

Status: Filed.

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

SJR 8 Buckingham; HJR 31 Shine; HJR 34 Burns

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

The constitutional amendment would provide that a law passed by the Legislature on or after January 2, 2019 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: If voters approve constitutional amendment November 6, 2018.

Status: Filed.