

AN ACT

relating to ad valorem taxation; creating a criminal offense.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 5.103, Tax Code, is amended by amending Subsection (d) and adding Subsection (e) to read as follows:

(d) An appraisal review board shall incorporate ~~[follow]~~ the model hearing procedures prepared by the comptroller when adopting the board's ~~[establishing its]~~ procedures for hearings as required by Section 41.01(c). An appraisal review board may adopt procedures that supplement the model hearing procedures, provided that the supplemental procedures do not contradict or circumvent the model hearing procedures.

(e) Each year the comptroller shall review the hearing procedures adopted by each appraisal review board to determine whether the hearing procedures incorporate the model hearing procedures prepared by the comptroller under this section ~~[41.66(a)]~~.

SECTION 2. Section 5.104(1), Tax Code, is amended to read as follows:

(1) The comptroller shall issue an annual report that summarizes the information included in the surveys submitted during the preceding tax year. The report must also include a summary of the comments, complaints, and suggestions forwarded to the comptroller during the preceding tax year by taxpayer liaison

1 officers under Section 6.052(a), the results of the comptroller's
2 review of appraisal review board hearing procedures during the
3 preceding tax year under Section 5.103(e), and the results of
4 requests for limited binding arbitration filed with the comptroller
5 during the preceding tax year under Section 41A.015. The report may
6 not disclose the identity of an individual who submitted a survey,
7 comment, complaint, suggestion, or request for arbitration.

8 SECTION 3. Section 6.03, Tax Code, is amended by amending
9 Subsection (k) and adding Subsection (k-1) to read as follows:

10 (k) Except as provided by Subsection (k-1), the ~~[The]~~
11 governing body of each taxing unit entitled to vote shall determine
12 its vote by resolution and submit it to the chief appraiser before
13 December 15. The chief appraiser shall count the votes, declare the
14 five candidates who receive the largest cumulative vote totals
15 elected, and submit the results before December 31 to the governing
16 body of each taxing unit in the district and to the candidates. For
17 purposes of determining the number of votes received by the
18 candidates, the candidate receiving the most votes of the
19 conservation and reclamation districts is considered to have
20 received all of the votes cast by conservation and reclamation
21 districts and the other candidates are considered not to have
22 received any votes of the conservation and reclamation districts.
23 The chief appraiser shall resolve a tie vote by any method of
24 chance.

25 (k-1) This subsection applies only to an appraisal district
26 established in a county with a population of 120,000 or more. The
27 governing body of each taxing unit entitled to cast at least five

1 percent of the total votes must determine its vote by resolution
2 adopted at the first or second open meeting of the governing body
3 that is held after the date the chief appraiser delivers the ballot
4 to the presiding officer of the governing body. The governing body
5 must submit its vote to the chief appraiser not later than the third
6 day following the date the resolution is adopted.

7 SECTION 4. Section 6.052, Tax Code, is amended by amending
8 Subsections (a), (b), and (c) and adding Subsection (g) to read as
9 follows:

10 (a) The board of directors for an appraisal district created
11 for a county with a population of more than 120,000 shall appoint a
12 taxpayer liaison officer who shall serve at the pleasure of the
13 board. The taxpayer liaison officer shall administer the public
14 access functions required by Sections 6.04(d), (e), and (f), and is
15 responsible for resolving disputes not involving matters that may
16 be protested under Section 41.41. In addition, the taxpayer
17 liaison officer is responsible for receiving, and compiling a list
18 of, comments, complaints, and suggestions filed by the chief
19 appraiser, a property owner, or a property owner's agent concerning
20 the matters listed in Section 5.103(b) or any other matter related
21 to the fairness and efficiency of the appraisal review board
22 established for the appraisal district. The taxpayer liaison
23 officer shall forward to the comptroller comments, complaints, and
24 suggestions filed under this subsection in the form and manner
25 prescribed by the comptroller not later than December 31 of each
26 year.

27 (b) The taxpayer liaison officer shall provide to the public

1 information and materials designed to assist property owners in
2 understanding the appraisal process, protest procedures, the
3 procedure for filing comments, complaints, and suggestions under
4 Subsection (a) of this section or a complaint under Section
5 6.04(g), and other matters. Information concerning the process for
6 submitting comments, complaints, and suggestions to the
7 comptroller concerning an appraisal review board shall be provided
8 at each protest hearing.

9 (c) The taxpayer liaison officer shall report to the board
10 at each meeting on the status of all comments, complaints, and
11 suggestions filed with the officer under Subsection (a) of this
12 section and all complaints filed with the board under Section
13 6.04(g).

14 (g) Notwithstanding any other provision of this chapter, a
15 taxpayer liaison officer does not commit an offense under this
16 chapter if the officer communicates with the chief appraiser or
17 another employee or agent of the appraisal district, a member of the
18 appraisal review board established for the appraisal district, a
19 member of the board of directors of the appraisal district, a
20 property tax consultant, a property owner, an agent of a property
21 owner, or another person if the communication is made in the good
22 faith exercise of the officer's statutory duties.

23 SECTION 5. Subchapter A, Chapter 6, Tax Code, is amended by
24 adding Section 6.155 to read as follows:

25 Sec. 6.155. CERTAIN COMMUNICATIONS BY TAXING UNITS
26 PROHIBITED; PENALTY. (a) A member of the governing body, officer,
27 or employee of a taxing unit commits an offense if the person

1 directly or indirectly communicates with the chief appraiser or
2 another employee of the appraisal district in which the taxing unit
3 participates for the purpose of influencing the value at which
4 property in the district is appraised unless the person owns or
5 leases the property that is the subject of the communication.

6 (b) An offense under this section is a Class A misdemeanor.

7 SECTION 6. Section 11.252(d), Tax Code, is amended to read
8 as follows:

9 (d) In connection with the requirements and procedures
10 under Subsection (c), the comptroller by rule shall adopt a form to
11 be completed by the lessee of a motor vehicle for which the owner of
12 the vehicle may apply for an exemption under Subsection (a). The
13 form shall require a lessee who is an individual to provide the
14 lessee's name, address, and driver's license or personal
15 identification certificate number. The form shall require a
16 lessee that is an entity described by Subsection (b) to provide the
17 lessee's name, address, and, if applicable, federal tax
18 identification number. The form shall require a lessee who is an
19 individual, or the authorized representative of a lessee that is an
20 entity described by Subsection (b), to certify, either under oath
21 or by written, unsworn declaration, that the lessee does not hold
22 the vehicle for the production of income and that the vehicle is
23 used primarily for activities that do not involve the production of
24 income. The comptroller shall include on the form a notice of the
25 penalties prescribed by Section 37.10, Penal Code, for making a
26 false statement on the form.

27 SECTION 7. Section 11.253, Tax Code, is amended by adding

1 Subsections (l) and (m) to read as follows:

2 (l) This subsection applies only to a taxing unit any part
3 of which is located in an area designated a disaster area by a
4 disaster declaration issued under Section 418.014 or 418.108,
5 Government Code, on or after January 1, 2020. Notwithstanding
6 Subsections (a)(2)(C), (e), and (g), the governing body of a taxing
7 unit, in the manner provided by law for official action, may extend
8 the date by which goods-in-transit must be transported to another
9 location in this state or outside this state to a date not later
10 than the 270th day after the date the person acquired the property
11 in or imported the property into this state. An extension adopted by
12 official action under this subsection applies only to:

13 (1) the exemption from ad valorem taxation by the
14 taxing unit adopting the extension; and

15 (2) the tax year in which the extension is adopted.

16 (m) This subsection and Subsection (l) expire December 31,
17 2025.

18 SECTION 8. Sections 21.021(a) and (b), Tax Code, are
19 amended to read as follows:

20 (a) Except as otherwise provided by Section 21.031(b-2), a
21 [A] vessel or other watercraft used as an instrumentality of
22 commerce, [↯]as defined by [in] Section 21.031, [21.031(b) of this
23 code] is taxable pursuant to Section 21.02 [of this code].

24 (b) A special-purpose vessel or other watercraft not used as
25 an instrumentality of commerce, [↯]as defined by [in] Section
26 21.031, [21.031(b) of this code] is deemed to be located on January
27 1 for more than a temporary period for purposes of Section 21.02 [of

1 ~~this code~~] in the taxing unit in which it was physically located
 2 during the year preceding the tax year. If the vessel or watercraft
 3 was physically located in more than one taxing unit during the year
 4 preceding the tax year, it is deemed to be located for more than a
 5 temporary period for purposes of Section 21.02 ~~[of this code]~~ in the
 6 taxing unit in which it was physically located for the longest
 7 period during the year preceding the tax year or for 30 days,
 8 whichever is longer. If a vessel or other watercraft is not deemed
 9 to be located in any taxing unit on January 1 for more than a
 10 temporary period pursuant to this subsection, the property is
 11 taxable as provided by Sections 21.02(a)(2) through (4)
 12 ~~[Subdivisions (2) through (4) of Section 21.02 of this code]~~.

13 SECTION 9. Section 21.031, Tax Code, is amended by amending
 14 Subsection (b) and adding Subsections (b-1), (b-2), (b-3), and (i)
 15 to read as follows:

16 (b) The appraisal office shall make the allocation as
 17 provided by Subsections (b-1), (b-2), and (b-3).

18 (b-1) Except as provided by Subsection (b-2), the [follows:

19 ~~[(1) The]~~ allocable portion of the total fair market
 20 value of a vessel or other watercraft used as an instrumentality of
 21 commerce that is taxable in this state is determined by multiplying
 22 the total fair market value by a fraction, the numerator of which is
 23 the number of miles the vessel or watercraft was operated in this
 24 state during the year preceding the tax year and the denominator of
 25 which is the total number of miles the vessel or watercraft was
 26 operated during the year preceding the tax year. ~~[For purposes of~~
 27 ~~this section, "vessel or other watercraft used as an~~

1 ~~instrumentality of commerce" means a vessel or other watercraft~~
2 ~~that is primarily employed in the transportation of cargo,~~
3 ~~passengers, or equipment, and that is economically employed when it~~
4 ~~is moving from point to point as a means of transportation.]~~

5 (b-2) A property owner that operates a fleet of vessels or
6 other watercraft that are used as instrumentalities of commerce may
7 elect in writing submitted to the appraisal office to have the
8 appraisal office make the allocation under this subsection. If the
9 property owner makes the election, the allocable portion of the
10 total fair market value of a vessel or other watercraft that is part
11 of the property owner's fleet, is used as an instrumentality of
12 commerce, is taxable in this state, and has taxable situs at a
13 location in the appraisal district is determined by multiplying the
14 total fair market value of the vessel or other watercraft by a
15 fraction, the numerator of which is the number of miles that all the
16 vessels or other watercraft of the property owner's fleet that are
17 used as instrumentalities of commerce, are taxable in this state,
18 and have taxable situs at a location in the same appraisal district
19 as the vessel or other watercraft the value of which is allocated
20 under this subsection were operated in this state during the year
21 preceding the tax year and the denominator of which is the total
22 number of miles that all the vessels or other watercraft of the
23 property owner's fleet that are used as instrumentalities of
24 commerce, are taxable in this state, and have taxable situs at a
25 location in the same appraisal district as the vessel or other
26 watercraft the value of which is allocated under this subsection
27 were operated during the year preceding the tax year.

1 Notwithstanding Sections 21.02 and 21.021, a property owner that
2 elects to have the appraisal office make the allocation of the
3 property owner's fleet under this subsection may designate the
4 location of the property owner's principal place of business as the
5 taxable situs of the fleet.

6 (b-3) [(2)] The allocable portion of the total fair market
7 value of a special-purpose vessel or other watercraft not used as an
8 instrumentality of commerce is determined by multiplying the total
9 fair market value by a fraction, the numerator of which is the
10 number of days the vessel or watercraft was physically located in
11 this state during the year preceding the tax year and the
12 denominator of which is 365. [~~For purposes of this section,~~
13 ~~"special-purpose vessel or other watercraft not used as an~~
14 ~~instrumentality of commerce" means a vessel or other watercraft~~
15 ~~that:~~

16 [~~(A) is designed to be transient and customarily~~
17 ~~is moved from location to location on a more or less regular basis,~~

18 [~~(B) is economically employed when operated in a~~
19 ~~localized area or in a fixed place, and~~

20 [~~(C) is not primarily employed to transport cargo,~~
21 ~~passengers, and equipment but rather to perform some specialized~~
22 ~~function or operation not requiring constant movement from point to~~
23 ~~point.]~~

24 (i) For purposes of this section:

25 (1) "Special-purpose vessel or other watercraft not
26 used as an instrumentality of commerce" means a vessel or other
27 watercraft that:

1 (A) is designed to be transient and customarily
2 is moved from location to location on a more or less regular basis;

3 (B) is economically employed when operated in a
4 localized area or in a fixed place; and

5 (C) is not primarily employed to transport cargo,
6 passengers, and equipment but rather to perform some specialized
7 function or operation not requiring constant movement from point to
8 point.

9 (2) "Vessel or other watercraft used as an
10 instrumentality of commerce" means a vessel or other watercraft
11 that is primarily employed in the transportation of cargo,
12 passengers, or equipment, and that is economically employed when it
13 is moving from point to point as a means of transportation.

14 SECTION 10. Section 25.02, Tax Code, is amended by adding
15 Subsections (c), (d), (e), (f), and (g) to read as follows:

16 (c) Each appraisal record must have a unique account number.
17 If an appraisal district changes the account number of an appraisal
18 record, the appraisal district must provide written notice of the
19 change to the property owner as soon as practicable after the change
20 and provide notice of the change in the next notice of appraised
21 value of the property included in the record that is delivered to
22 the property owner under Section 25.19.

23 (d) This subsection does not apply to an appraisal record
24 for a residential property, for an improvement only, or for a
25 property on which a delinquent tax is due. On the written request
26 of a property owner, the chief appraiser shall combine contiguous
27 parcels or tracts of the owner's real property into a single

1 appraisal record. On the written request of a property owner, the
2 chief appraiser shall separate identifiable segments of the owner's
3 parcel or tract of real property into individual appraisal records.

4 (e) A property owner must make a request under Subsection
5 (d) before January 1 of the tax year for which the requested change
6 to the appraisal records is to be made. The request must contain a
7 legal description as contained in a deed sufficient to describe the
8 property subject to the request.

9 (f) If a chief appraiser refuses to combine parcels or
10 tracts, or separate a parcel or tract, on request of a property
11 owner under Subsection (d), the appraisal review board may order
12 the requested change on a motion filed by the property owner under
13 Section 25.25 or a protest filed under Chapter 41.

14 (g) The combination of contiguous parcels or tracts of real
15 property into a single appraisal record or the separation of
16 identifiable segments of a parcel or tract of real property into
17 individual appraisal records under this section does not affect the
18 application of generally accepted appraisal methods and techniques
19 to the appraisal of real property associated with those appraisal
20 records, including real property that is part of the same economic
21 unit as real property contained in the same or another appraisal
22 record.

23 SECTION 11. Section 25.19(b), Tax Code, as effective
24 January 1, 2022, is amended to read as follows:

25 (b) The chief appraiser shall separate real from personal
26 property and include in the notice for each:

27 (1) a list of the taxing units in which the property is

1 taxable;

2 (2) the appraised value of the property in the
3 preceding year;

4 (3) the taxable value of the property in the preceding
5 year for each taxing unit taxing the property;

6 (4) the appraised value of the property for the
7 current year, the kind and amount of each exemption and partial
8 exemption, if any, approved for the property for the current year
9 and for the preceding year, and, if an exemption or partial
10 exemption that was approved for the preceding year was canceled or
11 reduced for the current year, the amount of the exemption or partial
12 exemption canceled or reduced;

13 (5) *in italic typeface*, the following statement: "The
14 Texas Legislature does not set the amount of your local taxes. Your
15 property tax burden is decided by your locally elected officials,
16 and all inquiries concerning your taxes should be directed to those
17 officials";

18 (6) a detailed explanation of the time and procedure
19 for protesting the value;

20 (7) the date and place the appraisal review board will
21 begin hearing protests; ~~and~~

22 (8) an explanation of the availability and purpose of
23 an informal conference with the appraisal office before a hearing
24 on a protest; and

25 (9) a brief explanation that the governing body of
26 each taxing unit decides whether or not taxes on the property will
27 increase and the appraisal district only determines the value of

1 the property.

2 SECTION 12. Section 25.19, Tax Code, is amended by adding
3 Subsections (m) and (n) to read as follows:

4 (m) The chief appraiser may not deliver a corrected or
5 amended notice of appraised value later than June 1 for property for
6 which a person files a rendition statement or property report as
7 required by Chapter 22 unless the purpose of the notice is to:

8 (1) include omitted property; or

9 (2) correct a clerical error.

10 (n) As soon as practicable after delivering a notice
11 required by this section to a property owner, the chief appraiser
12 shall post the notice on the appraisal district's Internet website,
13 if the appraisal district maintains a website, as part of the
14 appraisal record pertaining to the property.

15 SECTION 13. Section 31.11(h), Tax Code, is amended to read
16 as follows:

17 (h) This section does not apply to an overpayment caused by
18 a change of exemption status or correction of a tax roll, including
19 an overpayment received after a correction of a tax roll as a result
20 of an appeal under Chapter 42. Such an overpayment is covered by
21 Section 26.15 or 42.43, as applicable.

22 SECTION 14. Section 41.01, Tax Code, is amended by adding
23 Subsections (c), (d), and (e) to read as follows:

24 (c) The appraisal review board by rule shall adopt
25 procedures for hearings the board conducts under this subchapter
26 and Subchapter C. Before adopting the hearing procedures, the
27 board shall hold a public hearing to consider the hearing

1 procedures proposed for adoption by the board. Not later than May
2 15 of each year, the board shall hold the hearing, make any
3 amendments to the proposed hearing procedures the board determines
4 are necessary, and by resolution finally adopt the hearing
5 procedures. The board must comply with Section 5.103(d) when
6 adopting the hearing procedures. The chairman of the board is
7 responsible for the administration of hearing procedures adopted by
8 the board.

9 (d) The appraisal review board shall distribute copies of
10 the hearing procedures adopted by the board to the board of
11 directors of, and the taxpayer liaison officer for, the appraisal
12 district for which the appraisal review board is established and to
13 the comptroller not later than the 15th day after the date the board
14 adopts the hearing procedures.

15 (e) The appraisal review board shall post a copy of the
16 hearing procedures adopted by the board:

17 (1) in a prominent place in each room in which the
18 board conducts hearings under this subchapter and Subchapter C; and

19 (2) if the appraisal district for which the board is
20 established maintains an Internet website, on the appraisal
21 district's website.

22 SECTION 15. Section 41.44(d), Tax Code, is amended to read
23 as follows:

24 (d) A notice of protest is sufficient if it identifies the
25 protesting property owner, including a person claiming an ownership
26 interest in the property even if that person is not listed on the
27 appraisal records as an owner of the property, identifies the

1 property that is the subject of the protest, and indicates apparent
2 dissatisfaction with some determination of the appraisal
3 office. The notice need not be on an official form, but the
4 comptroller shall prescribe a form that provides for more detail
5 about the nature of the protest. The form must permit a property
6 owner to include each property in the appraisal district that is the
7 subject of a protest. The form must permit a property owner to
8 request that the protest be heard by a special panel established
9 under Section 6.425 if the protest will be determined by an
10 appraisal review board to which that section applies and the
11 property is included in a classification described by Section
12 6.425(b). The form must permit a property owner to request that the
13 protest be heard by a single-member panel authorized by Section
14 41.45(b-4). The comptroller, each appraisal office, and each
15 appraisal review board shall make the forms readily available and
16 deliver one to a property owner on request.

17 SECTION 16. Subchapter C, Chapter 41, Tax Code, is amended
18 by adding Section 41.445 to read as follows:

19 Sec. 41.445. INFORMAL CONFERENCE BEFORE HEARING ON PROTEST.
20 The appraisal office shall hold an informal conference with each
21 property owner who files a notice of protest with the appraisal
22 review board and requests an informal conference. An informal
23 conference must be held before the hearing on the protest.

24 SECTION 17. Section 41.45, Tax Code, is amended by amending
25 Subsections (b-1), (d), (d-2), and (d-3) and adding Subsections
26 (b-4) and (b-5) to read as follows:

27 (b-1) An appraisal review board shall conduct a hearing on a

1 protest by telephone conference call if[+]

2 ~~[(1)]~~ the property owner notifies the board that the
3 property owner intends to appear by telephone conference call in
4 the owner's notice of protest or by written notice filed with the
5 board not later than the 10th day before the date of the hearing [+
6 ~~or~~

7 ~~[(2) the board proposes that the hearing be conducted~~
8 ~~by telephone conference call and the property owner agrees to the~~
9 ~~hearing being conducted in that manner].~~

10 (b-4) An appraisal review board shall sit in a single-member
11 panel to conduct a protest hearing under this section if the
12 property owner requests that the hearing be conducted by a
13 single-member panel:

14 (1) in the notice of protest; or

15 (2) in writing submitted to the board not later than
16 the 10th day before the date of the hearing.

17 (b-5) If the recommendation of a single-member panel that
18 conducts a hearing under Subsection (b-4) is not accepted by the
19 appraisal review board, the board may refer the matter for
20 rehearing to a single-member panel composed of a member who did not
21 hear the original protest or the board may determine the protest.

22 (d) This subsection does not apply to a single-member panel
23 established under Subsection (b-4) of this section or a special
24 panel established under Section 6.425. An appraisal review board
25 consisting of more than three members may sit in panels of not fewer
26 than three members to conduct protest hearings. If the
27 recommendation of a panel is not accepted by the board, the board

1 may refer the matter for rehearing to a panel composed of members
2 who did not hear the original protest or, if there are not at least
3 three members who did not hear the original protest, the board may
4 determine the protest.

5 (d-2) The determination of a protest heard by a panel under
6 Subsection (b-4), (d), or (d-1) must be made by the board.

7 (d-3) The board must deliver notice of a hearing or meeting
8 to determine a protest heard by a panel, or to rehear a protest,
9 under Subsection (b-4), (d), or (d-1) in accordance with the
10 provisions of this subchapter.

11 SECTION 18. Section 41.461(a), Tax Code, is amended to read
12 as follows:

13 (a) At least 14 days before a hearing on a protest, the chief
14 appraiser shall:

15 (1) deliver a copy of the pamphlet prepared by the
16 comptroller under Section 5.06 to the property owner initiating the
17 protest, or to an agent representing the owner if requested by the
18 agent;

19 (2) inform the property owner that the owner or the
20 agent of the owner is entitled on request to a copy of the data,
21 schedules, formulas, and all other information the chief appraiser
22 will introduce at the hearing to establish any matter at issue; and

23 (3) deliver a copy of the hearing procedures adopted
24 [~~established~~] by the appraisal review board under Section 41.01
25 [~~41.66~~] to the property owner.

26 SECTION 19. Section 41.47, Tax Code, is amended by amending
27 Subsection (c) and adding Subsection (d-1) to read as follows:

1 (c) If the protest is of the determination of the appraised
2 value of the owner's property, the appraisal review board must
3 state in the order the appraised value of the property, listed
4 separately in the case of real property as the appraised value of
5 the land and the appraised value of any improvement to the land as
6 allocated by the chief appraiser:

7 (1) as shown in the appraisal records submitted to the
8 board by the chief appraiser under Section 25.22 or 25.23; and

9 (2) as finally determined by the board.

10 (d-1) This subsection applies only to an appraisal district
11 established in a county with a population of 120,000 or more. The
12 requirements of this subsection are in addition to the requirements
13 of Subsection (d). On written request submitted to the chief
14 appraiser, the chief appraiser shall deliver by e-mail, in the
15 manner provided by this subsection, a copy of the notice of issuance
16 of the order and a copy of the order required by Subsection (d) if
17 the property subject to the order is not the subject of an agreement
18 under Section 1.085. A request under this subsection may be
19 submitted only by the property owner whose property is subject to
20 the protest for which the order is issued, an attorney representing
21 the property owner, or an individual designated by the property
22 owner under Section 1.111. A person may include in a single request
23 more than one property owned by the same property owner or multiple
24 properties owned by multiple property owners. A person may submit
25 more than one request. A person submitting a request must indicate
26 in the request that the chief appraiser must make the delivery to
27 the property owner, an attorney representing the property owner, an

1 individual designated by the property owner under Section 1.111, or
2 a combination of those persons. A person must submit a request
3 before the protest hearing relating to each property included in
4 the request. The chief appraiser shall deliver, as provided by this
5 subsection, a copy of the notice of issuance of the order and a copy
6 of the order required by Subsection (d) not later than the 21st day
7 after the date the appraisal review board issues the order.

8 SECTION 20. Section 41.66, Tax Code, is amended by amending
9 Subsection (a) and adding Subsection (q) to read as follows:

10 (a) The appraisal review board shall conduct hearings in
11 accordance with the hearing procedures adopted by the appraisal
12 review board under Section 41.01(c) [~~establish by rule the~~
13 ~~procedures for hearings it conducts as provided by Subchapters A~~
14 ~~and C of this chapter~~]. On request made by a property owner in the
15 owner's notice of protest or in a separate writing delivered to the
16 appraisal review board on or before the date the notice of protest
17 is filed, the property owner is entitled to a copy of the hearing
18 procedures. The copy of the hearing procedures shall be delivered
19 to the property owner not later than the 10th day before the date
20 the hearing on the protest begins and may be delivered with the
21 notice of the protest hearing required under Section 41.46(a). The
22 notice of protest form prescribed by the comptroller under Section
23 41.44(d) or any other notice of protest form made available to a
24 property owner by the appraisal review board or the appraisal
25 office shall provide the property owner an opportunity to make or
26 decline to make a request under this subsection. [~~The appraisal~~
27 ~~review board shall post a copy of the hearing procedures in a~~

1 ~~prominent place in the room in which the hearing is held.]~~

2 (g) A person who owns property in an appraisal district or
3 the chief appraiser of an appraisal district may file a complaint
4 with the taxpayer liaison officer for the appraisal district
5 alleging that the appraisal review board established for the
6 appraisal district has adopted or is implementing hearing
7 procedures that are not in compliance with the model hearing
8 procedures prepared by the comptroller under Section 5.103 or is
9 not complying with procedural requirements under this chapter. The
10 taxpayer liaison officer shall investigate the complaint and report
11 the findings of the investigation to the board of directors of the
12 appraisal district. The board of directors shall direct the
13 chairman of the appraisal review board to take remedial action if,
14 after reviewing the taxpayer liaison officer's report, the board of
15 directors determines that the allegations contained in the
16 complaint are true. The board of directors may remove the member of
17 the appraisal review board serving as chairman of the appraisal
18 review board from that member's position as chairman if the board
19 determines that the chairman has failed to take the actions
20 necessary to bring the appraisal review board into compliance with
21 Section 5.103(d) or this chapter, as applicable.

22 SECTION 21. Chapter 41A, Tax Code, is amended by adding
23 Section 41A.015 to read as follows:

24 Sec. 41A.015. LIMITED BINDING ARBITRATION TO COMPEL
25 COMPLIANCE WITH CERTAIN PROCEDURAL REQUIREMENTS RELATED TO
26 PROTESTS. (a) A property owner who has filed a notice of protest
27 under Chapter 41 may file a request for limited binding arbitration

1 under this section to compel the appraisal review board or chief
2 appraiser, as appropriate, to:

3 (1) rescind procedural rules adopted by the appraisal
4 review board that are not in compliance with the model hearing
5 procedures prepared by the comptroller under Section 5.103;

6 (2) schedule a hearing on a protest as required by
7 Section 41.45;

8 (3) deliver information to the property owner in the
9 manner required by Section 41.461;

10 (4) allow the property owner to offer evidence,
11 examine or cross-examine witnesses or other parties, and present
12 arguments as required by Section 41.66(b);

13 (5) set a hearing for a time and date certain and
14 postpone a hearing that does not begin within two hours of the
15 scheduled time as required by Section 41.66(i);

16 (6) schedule hearings on protests concerning multiple
17 properties identified in the same notice of protest on the same day
18 at the request of the property owner or the property owner's
19 designated agent as required by Section 41.66(j); or

20 (7) refrain from using or offering as evidence
21 information requested by the property owner under Section 41.461
22 that was not delivered to the property owner at least 14 days before
23 the hearing as required by Section 41.67(d).

24 (b) A property owner may not file a request for limited
25 binding arbitration under this section unless:

26 (1) the property owner has delivered written notice to
27 the chairman of the appraisal review board, the chief appraiser,

1 and the taxpayer liaison officer for the applicable appraisal
2 district by certified mail, return receipt requested, of the
3 procedural requirement with which the property owner alleges the
4 appraisal review board or chief appraiser failed to comply on or
5 before the fifth business day after the date the appraisal review
6 board or chief appraiser was required to comply with the
7 requirement; and

8 (2) the chairman of the appraisal review board or
9 chief appraiser, as applicable, fails to deliver to the property
10 owner on or before the 10th day after the date the notice is
11 delivered a written statement confirming that the appraisal review
12 board or chief appraiser, as applicable, will comply with the
13 requirement or cure a failure to comply with the requirement.

14 (c) Except as otherwise provided by this subtitle, the
15 failure to comply with a procedural requirement listed under
16 Subsection (a) is not a ground for postponement of a hearing on a
17 protest. An appraisal review board may cure an alleged failure to
18 comply with a procedural requirement that occurred during a hearing
19 by rescinding the order determining the protest for which the
20 hearing was held and scheduling a new hearing on the protest.

21 (d) A property owner must request limited binding
22 arbitration under this section by filing a request with the
23 comptroller. The property owner may not file the request earlier
24 than the 11th day or later than the 30th day after the date the
25 property owner delivers the notice required by Subsection (b)(1) to
26 the chairman of the appraisal review board, the chief appraiser,
27 and the taxpayer liaison officer for the applicable appraisal

1 district.

2 (e) A request for limited binding arbitration under this
3 section must be in a form prescribed by the comptroller and be
4 accompanied by an arbitration deposit payable to the comptroller in
5 the amount of:

6 (1) \$450, if the property that is the subject of the
7 protest to which the arbitration relates qualifies as the property
8 owner's residence homestead under Section 11.13 and the appraised
9 or market value, as applicable, of the property is \$500,000 or less,
10 as determined by the appraisal district for the most recent tax
11 year; or

12 (2) \$550, for property other than property described
13 by Subdivision (1).

14 (f) The comptroller shall prescribe the form to be used for
15 submitting a request for limited binding arbitration under this
16 section. The form must require the property owner to provide:

17 (1) a statement that the property owner has provided
18 the written notice required by Subsection (b);

19 (2) a statement that the property owner has made the
20 arbitration deposit required by this section;

21 (3) a brief statement identifying the procedural
22 requirement with which the property owner alleges the appraisal
23 review board or chief appraiser, as applicable, has failed to
24 comply;

25 (4) a description of the action taken or not taken by
26 the appraisal review board or chief appraiser regarding the
27 procedural requirement identified under Subdivision (3);

1 (5) a description of the property to which the award
2 will apply; and

3 (6) any other information reasonably necessary for the
4 comptroller to appoint an arbitrator.

5 (g) On receipt of the request and deposit under this
6 section, the comptroller shall appoint an arbitrator from the
7 registry maintained under Section 41A.06 who is eligible to serve
8 as an arbitrator under Subsection (p) of this section. Section
9 41A.07(h) does not apply to the appointment of an arbitrator under
10 this section.

11 (h) The appraisal review board, the chief appraiser, and the
12 property owner are parties to a limited binding arbitration
13 conducted under this section. The appraisal review board may
14 appear by counsel, by the chairman, or by a person designated by the
15 chairman. The chief appraiser may appear by counsel, in person, or
16 by a designated employee. The property owner may appear in the
17 manner provided by Section 41A.08(b)(2), (3), (4), or (5).

18 (i) The arbitrator shall make an arbitration award and
19 deliver an electronic copy of the award to:

20 (1) the property owner;

21 (2) the chairman of the appraisal review board;

22 (3) the chief appraiser; and

23 (4) the comptroller.

24 (j) An award under this section:

25 (1) shall include a determination of whether the
26 appraisal review board or chief appraiser failed to comply with a
27 procedural requirement as alleged in the request for limited

1 binding arbitration;

2 (2) if the arbitrator determines that the appraisal
3 review board or chief appraiser failed to comply with a procedural
4 requirement as alleged in the request, shall direct the appraisal
5 review board or chief appraiser, as applicable, to:

6 (A) comply with the procedural requirement; or

7 (B) if the hearing on the protest has been held
8 and the appraisal review board has issued an order determining the
9 protest, rescind the order and hold a new hearing on the protest
10 that complies with the procedural requirement;

11 (3) shall specify the arbitrator's fee;

12 (4) is final and may not be appealed; and

13 (5) is enforceable as provided by Section 41A.09.

14 (k) If the arbitrator determines that the appraisal review
15 board or chief appraiser failed to comply with the procedural
16 requirement that was the subject of the limited binding
17 arbitration:

18 (1) the comptroller, on receipt of a copy of the award,
19 shall refund the property owner's arbitration deposit, less the
20 amount retained by the comptroller under Section 41A.05(b); and

21 (2) the appraisal district shall pay the arbitrator's
22 fee.

23 (1) If the arbitrator determines that the appraisal review
24 board or chief appraiser complied with the procedural requirement
25 that was the subject of the limited binding arbitration, the
26 comptroller shall:

27 (1) pay the arbitrator's fee out of the owner's

1 arbitration deposit; and

2 (2) refund to the owner the owner's arbitration
3 deposit, less the arbitrator's fee and the amount retained by the
4 comptroller under Section 41A.05(b).

5 (m) As soon as practicable after receiving notice of an
6 award, the appraisal review board or the chief appraiser shall:

7 (1) take any action required to comply with the
8 requirements of the award; and

9 (2) if the award requires the appraisal review board
10 to conduct a new hearing under Chapter 41, schedule and conduct the
11 hearing.

12 (n) An award under this section does not affect the property
13 owner's right to:

14 (1) appeal the final determination of a protest by the
15 appraisal review board under Chapter 42; or

16 (2) pursue any other legal or statutory remedy
17 available to the property owner.

18 (o) A property owner may request a single limited binding
19 arbitration under this section that covers more than one property,
20 more than one protest hearing, or an allegation of the failure by
21 the appraisal review board or chief appraiser to comply with more
22 than one procedural requirement so long as the requirements of
23 Subsection (b) are met with regard to each alleged failure to
24 comply. The amount of the arbitration deposit and the amount of the
25 arbitrator's fee are computed as if a single property were the
26 subject of the arbitration. If the arbitration involves property
27 described by Subsection (e)(1) and property described by Subsection

1 (e)(2), the amount of the arbitration deposit and the amount of the
2 arbitrator's fee are computed as if only the property described by
3 Subsection (e)(2) were the subject of the arbitration. If the
4 arbitration involves an allegation of the failure by the appraisal
5 review board or chief appraiser to comply with more than one
6 procedural requirement, Subsection (k) applies if the arbitrator
7 determines that the appraisal review board or chief appraiser
8 failed to comply with one or more of the procedural requirements
9 that were the subject of the arbitration and Subsection (l) applies
10 if the arbitrator determines that the appraisal review board or
11 chief appraiser complied with all of the procedural requirements
12 that were the subject of the arbitration.

13 (p) Section 41A.06 applies to the registration and
14 qualification of an arbitrator under this section except that an
15 arbitrator under this section must:

16 (1) be a licensed attorney; and

17 (2) agree to conduct an arbitration for a fee that is
18 not more than:

19 (A) \$400 if the property is described by
20 Subsection (e)(1); or

21 (B) \$500 if the property is described by
22 Subsection (e)(2).

23 (q) Except as otherwise provided by this section, the
24 provisions of this chapter apply to a limited binding arbitration
25 under this section. In the event of a conflict between this section
26 and another provision of this chapter, this section controls.

27 SECTION 22. Section 41A.10, Tax Code, is amended by

1 amending Subsection (a) and adding Subsection (c) to read as
2 follows:

3 (a) The pendency of an appeal under this chapter does not
4 affect the delinquency date for the taxes on the property subject to
5 the appeal. Except for a property owner who has elected to defer
6 the collection of taxes under Section 33.06 or 33.065 on the
7 property subject to the appeal and for which the deferral is still
8 in effect, a [A] property owner who appeals an appraisal review
9 board order under this chapter shall pay taxes on the property
10 subject to the appeal in an amount equal to the amount of taxes due
11 on the portion of the taxable value of the property that is not in
12 dispute. If the final determination of an appeal under this chapter
13 decreases the property owner's tax liability to less than the
14 amount of taxes paid, the taxing unit shall refund to the property
15 owner the difference between the amount of taxes paid and the amount
16 of taxes for which the property owner is liable.

17 (c) For the purposes of Subsection (b) of this section,
18 taxes are not considered delinquent on property subject to an
19 appeal if the property owner has elected to defer the collection of
20 taxes on the property under Section 33.06 or 33.065 and the deferral
21 is still in effect.

22 SECTION 23. Section 42.015(a), Tax Code, is amended to read
23 as follows:

24 (a) A person leasing property who is contractually
25 obligated to reimburse the property owner for taxes imposed on the
26 property is entitled to appeal an order of the appraisal review
27 board determining a protest relating to the property:

- 1 (1) brought by the person under Section 41.413; or
2 (2) brought by the property owner if the property
3 owner does not appeal the order.

4 SECTION 24. Section 42.23(e), Tax Code, is amended to read
5 as follows:

6 (e) For purposes of Subsection (d), a property owner may
7 designate a cause of action under Section 42.25 or 42.26 as the
8 basis for an appeal, but may not designate a cause of action under
9 both sections as the basis for the appeal. Discovery regarding a
10 cause of action that is not specifically designated by the property
11 owner under Subsection (d) shall be conducted as provided by the
12 Texas Rules of Civil Procedure. A [The] court may not enter an
13 order, including a protective order [to modify the provisions of
14 this subsection] under Rule 192.6 of the Texas Rules of Civil
15 Procedure, that conflicts with Subsection (d).

16 SECTION 25. Section 6.03, Tax Code, as amended by this Act,
17 applies only to the selection of members of the board of directors
18 of an appraisal district who are appointed for a term that begins on
19 or after January 1, 2022.

20 SECTION 26. Section 11.253, Tax Code, as amended by this
21 Act, applies only to a tax year beginning on or after January 1,
22 2022.

23 SECTION 27. Sections 21.021 and 21.031, Tax Code, as
24 amended by this Act, apply only to the allocation of the value and
25 the determination of the situs of vessels and other watercraft for
26 ad valorem tax purposes beginning on or after January 1, 2022.

27 SECTION 28. Section 25.19, Tax Code, as amended by this Act,

1 applies only to a notice of appraised value for a tax year beginning
2 on or after January 1, 2022.

3 SECTION 29. Section 41.445, Tax Code, as added by this Act,
4 and Sections 41.45 and 41.47, Tax Code, as amended by this Act,
5 apply only to a protest under Chapter 41, Tax Code, for which a
6 notice of protest is filed by a property owner on or after January
7 1, 2022. A protest under Chapter 41, Tax Code, for which a notice of
8 protest is filed by a property owner before January 1, 2022, is
9 governed by the law in effect on the date the notice of protest is
10 filed, and the former law is continued in effect for that purpose.

11 SECTION 30. Section 41A.10, Tax Code, as amended by this
12 Act, applies only to a request for binding arbitration under
13 Chapter 41A, Tax Code, that is filed on or after the effective date
14 of this Act. A request for binding arbitration under Chapter 41A,
15 Tax Code, that is filed before the effective date of this Act is
16 governed by the law in effect on the date the request is filed, and
17 the former law is continued in effect for that purpose.

18 SECTION 31. Sections 42.015 and 42.23, Tax Code, as amended
19 by this Act, apply to an appeal under Chapter 42, Tax Code, that is
20 pending on the date the amendments to those sections take effect
21 under this Act or that is filed on or after that date.

22 SECTION 32. The comptroller of public accounts is required
23 to implement a provision of this Act only if the legislature
24 appropriates money specifically for that purpose. If the
25 legislature does not appropriate money specifically for that
26 purpose, the comptroller may, but is not required to, implement a
27 provision of this Act using other appropriations available for that

1 purpose.

2 SECTION 33. (a) Except as provided by Subsection (b) of this
3 section, this Act takes effect January 1, 2022.

4 (b) Sections 5.103, 5.104, 6.052, 41.01, 41.461, 41.66,
5 42.015, and 42.23, Tax Code, as amended by this Act, and Section
6 41A.015, Tax Code, as added by this Act, take effect immediately if
7 this Act receives a vote of two-thirds of all the members elected to
8 each house, as provided by Section 39, Article III, Texas
9 Constitution. If this Act does not receive the vote necessary for
10 immediate effect, those sections of this Act take effect September
11 1, 2021.

President of the Senate

Speaker of the House

I certify that H.B. No. 988 was passed by the House on April 27, 2021, by the following vote: Yeas 146, Nays 0, 1 present, not voting; and that the House concurred in Senate amendments to H.B. No. 988 on May 28, 2021, by the following vote: Yeas 146, Nays 0, 1 present, not voting.

Chief Clerk of the House

I certify that H.B. No. 988 was passed by the Senate, with amendments, on May 25, 2021, by the following vote: Yeas 31, Nays 0.

Secretary of the Senate

APPROVED: _____

Date

Governor