

1-1 By: Shine, et al. (Senate Sponsor - Hancock) H.B. No. 988  
 1-2 (In the Senate - Received from the House April 27, 2021;  
 1-3 May 3, 2021, read first time and referred to Committee on Local  
 1-4 Government; May 21, 2021, reported adversely, with favorable  
 1-5 Committee Substitute by the following vote: Yeas 6, Nays 0;  
 1-6 May 21, 2021, sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13			X	
1-14			X	
1-15	X			
1-16	X			
1-17			X	

1-18 COMMITTEE SUBSTITUTE FOR H.B. No. 988 By: Springer

1-19 A BILL TO BE ENTITLED  
 1-20 AN ACT

1-21 relating to ad valorem taxation; creating a criminal offense.  
 1-22 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:  
 1-23 SECTION 1. Section 5.103, Tax Code, is amended by amending  
 1-24 Subsection (d) and adding Subsection (e) to read as follows:  
 1-25 (d) An appraisal review board shall incorporate ~~[follow]~~  
 1-26 the model hearing procedures prepared by the comptroller when  
 1-27 adopting the board's ~~[establishing its]~~ procedures for hearings as  
 1-28 required by Section 41.01(c). An appraisal review board may adopt  
 1-29 procedures that supplement the model hearing procedures, provided  
 1-30 that the supplemental procedures do not contradict or circumvent  
 1-31 the model hearing procedures.  
 1-32 (e) Each year the comptroller shall review the hearing  
 1-33 procedures adopted by each appraisal review board to determine  
 1-34 whether the hearing procedures incorporate the model hearing  
 1-35 procedures prepared by the comptroller under this section  
 1-36 [41.66(a)].  
 1-37 SECTION 2. Section 5.104(1), Tax Code, is amended to read as  
 1-38 follows:  
 1-39 (1) The comptroller shall issue an annual report that  
 1-40 summarizes the information included in the surveys submitted during  
 1-41 the preceding tax year. The report must also include a summary of  
 1-42 the comments, complaints, and suggestions forwarded to the  
 1-43 comptroller during the preceding tax year by taxpayer liaison  
 1-44 officers under Section 6.052(a), the results of the comptroller's  
 1-45 review of appraisal review board hearing procedures during the  
 1-46 preceding tax year under Section 5.103(e), and the results of  
 1-47 requests for limited binding arbitration filed with the comptroller  
 1-48 during the preceding tax year under Section 41A.015. The report may  
 1-49 not disclose the identity of an individual who submitted a survey,  
 1-50 comment, complaint, suggestion, or request for arbitration.  
 1-51 SECTION 3. Section 6.03, Tax Code, is amended by amending  
 1-52 Subsection (k) and adding Subsection (k-1) to read as follows:  
 1-53 (k) Except as provided by Subsection (k-1), the ~~[The]~~  
 1-54 governing body of each taxing unit entitled to vote shall determine  
 1-55 its vote by resolution and submit it to the chief appraiser before  
 1-56 December 15. The chief appraiser shall count the votes, declare the  
 1-57 five candidates who receive the largest cumulative vote totals  
 1-58 elected, and submit the results before December 31 to the governing  
 1-59 body of each taxing unit in the district and to the candidates. For  
 1-60 purposes of determining the number of votes received by the

2-1 candidates, the candidate receiving the most votes of the  
 2-2 conservation and reclamation districts is considered to have  
 2-3 received all of the votes cast by conservation and reclamation  
 2-4 districts and the other candidates are considered not to have  
 2-5 received any votes of the conservation and reclamation districts.  
 2-6 The chief appraiser shall resolve a tie vote by any method of  
 2-7 chance.

2-8 (k-1) This subsection applies only to an appraisal district  
 2-9 established in a county with a population of 120,000 or more. The  
 2-10 governing body of each taxing unit entitled to cast at least five  
 2-11 percent of the total votes must determine its vote by resolution  
 2-12 adopted at the first or second open meeting of the governing body  
 2-13 that is held after the date the chief appraiser delivers the ballot  
 2-14 to the presiding officer of the governing body. The governing body  
 2-15 must submit its vote to the chief appraiser not later than the third  
 2-16 day following the date the resolution is adopted.

2-17 SECTION 4. Section 6.052, Tax Code, is amended by amending  
 2-18 Subsections (a), (b), and (c) and adding Subsection (g) to read as  
 2-19 follows:

2-20 (a) The board of directors for an appraisal district created  
 2-21 for a county with a population of more than 120,000 shall appoint a  
 2-22 taxpayer liaison officer who shall serve at the pleasure of the  
 2-23 board. The taxpayer liaison officer shall administer the public  
 2-24 access functions required by Sections 6.04(d), (e), and (f), and is  
 2-25 responsible for resolving disputes not involving matters that may  
 2-26 be protested under Section 41.41. In addition, the taxpayer  
 2-27 liaison officer is responsible for receiving, and compiling a list  
 2-28 of, comments, complaints, and suggestions filed by the chief  
 2-29 appraiser, a property owner, or a property owner's agent concerning  
 2-30 the matters listed in Section 5.103(b) or any other matter related  
 2-31 to the fairness and efficiency of the appraisal review board  
 2-32 established for the appraisal district. The taxpayer liaison  
 2-33 officer shall forward to the comptroller comments, complaints, and  
 2-34 suggestions filed under this subsection in the form and manner  
 2-35 prescribed by the comptroller not later than December 31 of each  
 2-36 year.

2-37 (b) The taxpayer liaison officer shall provide to the public  
 2-38 information and materials designed to assist property owners in  
 2-39 understanding the appraisal process, protest procedures, the  
 2-40 procedure for filing comments, complaints, and suggestions under  
 2-41 Subsection (a) of this section or a complaint under Section  
 2-42 6.04(g), and other matters. Information concerning the process for  
 2-43 submitting comments, complaints, and suggestions to the  
 2-44 comptroller concerning an appraisal review board shall be provided  
 2-45 at each protest hearing.

2-46 (c) The taxpayer liaison officer shall report to the board  
 2-47 at each meeting on the status of all comments, complaints, and  
 2-48 suggestions filed with the officer under Subsection (a) of this  
 2-49 section and all complaints filed with the board under Section  
 2-50 6.04(g).

2-51 (g) Notwithstanding any other provision of this chapter, a  
 2-52 taxpayer liaison officer does not commit an offense under this  
 2-53 chapter if the officer communicates with the chief appraiser or  
 2-54 another employee or agent of the appraisal district, a member of the  
 2-55 appraisal review board established for the appraisal district, a  
 2-56 member of the board of directors of the appraisal district, a  
 2-57 property tax consultant, a property owner, an agent of a property  
 2-58 owner, or another person if the communication is made in the good  
 2-59 faith exercise of the officer's statutory duties.

2-60 SECTION 5. Subchapter A, Chapter 6, Tax Code, is amended by  
 2-61 adding Section 6.155 to read as follows:

2-62 Sec. 6.155. CERTAIN COMMUNICATIONS BY TAXING UNITS  
 2-63 PROHIBITED; PENALTY. (a) A member of the governing body, officer,  
 2-64 or employee of a taxing unit commits an offense if the person  
 2-65 directly or indirectly communicates with the chief appraiser or  
 2-66 another employee of the appraisal district in which the taxing unit  
 2-67 participates for the purpose of influencing the value at which  
 2-68 property in the district is appraised unless the person owns or  
 2-69 leases the property that is the subject of the communication.

3-1 (b) An offense under this section is a Class A misdemeanor.  
 3-2 SECTION 6. Section 11.252(d), Tax Code, is amended to read  
 3-3 as follows:

3-4 (d) In connection with the requirements and procedures  
 3-5 under Subsection (c), the comptroller by rule shall adopt a form to  
 3-6 be completed by the lessee of a motor vehicle for which the owner of  
 3-7 the vehicle may apply for an exemption under Subsection (a). The  
 3-8 form shall require a lessee who is an individual to provide the  
 3-9 lessee's name, address, and driver's license or personal  
 3-10 identification certificate number. The form shall require a  
 3-11 lessee that is an entity described by Subsection (b) to provide the  
 3-12 lessee's name, address, and, if applicable, federal tax  
 3-13 identification number. The form shall require a lessee who is an  
 3-14 individual, or the authorized representative of a lessee that is an  
 3-15 entity described by Subsection (b), to certify, either under oath  
 3-16 or by written, unsworn declaration, that the lessee does not hold  
 3-17 the vehicle for the production of income and that the vehicle is  
 3-18 used primarily for activities that do not involve the production of  
 3-19 income. The comptroller shall include on the form a notice of the  
 3-20 penalties prescribed by Section 37.10, Penal Code, for making a  
 3-21 false statement on the form.

3-22 SECTION 7. Section 11.253, Tax Code, is amended by adding  
 3-23 Subsections (l) and (m) to read as follows:

3-24 (l) This subsection applies only to a taxing unit any part  
 3-25 of which is located in an area designated a disaster area by a  
 3-26 disaster declaration issued under Section 418.014 or 418.108,  
 3-27 Government Code, on or after January 1, 2020. Notwithstanding  
 3-28 Subsections (a)(2)(C), (e), and (g), the governing body of a taxing  
 3-29 unit, in the manner provided by law for official action, may extend  
 3-30 the date by which goods-in-transit must be transported to another  
 3-31 location in this state or outside this state to a date not later  
 3-32 than the 270th day after the date the person acquired the property  
 3-33 in or imported the property into this state. An extension adopted by  
 3-34 official action under this subsection applies only to:

3-35 (1) the exemption from ad valorem taxation by the  
 3-36 taxing unit adopting the extension; and

3-37 (2) the tax year in which the extension is adopted.

3-38 (m) This subsection and Subsection (l) expire December 31,  
 3-39 2025.

3-40 SECTION 8. Sections 21.021(a) and (b), Tax Code, are  
 3-41 amended to read as follows:

3-42 (a) Except as otherwise provided by Section 21.031(b-2), a  
 3-43 [A] vessel or other watercraft used as an instrumentality of  
 3-44 commerce, [A] as defined by [in] Section 21.031, [21.031(b) of this  
 3-45 code] is taxable pursuant to Section 21.02 [of this code].

3-46 (b) A special-purpose vessel or other watercraft not used as  
 3-47 an instrumentality of commerce, [A] as defined by [in] Section  
 3-48 21.031, [21.031(b) of this code] is deemed to be located on January  
 3-49 1 for more than a temporary period for purposes of Section 21.02 [of  
 3-50 this code] in the taxing unit in which it was physically located  
 3-51 during the year preceding the tax year. If the vessel or watercraft  
 3-52 was physically located in more than one taxing unit during the year  
 3-53 preceding the tax year, it is deemed to be located for more than a  
 3-54 temporary period for purposes of Section 21.02 [of this code] in the  
 3-55 taxing unit in which it was physically located for the longest  
 3-56 period during the year preceding the tax year or for 30 days,  
 3-57 whichever is longer. If a vessel or other watercraft is not deemed  
 3-58 to be located in any taxing unit on January 1 for more than a  
 3-59 temporary period pursuant to this subsection, the property is  
 3-60 taxable as provided by Sections 21.02(a)(2) through (4)  
 3-61 [Subdivisions (2) through (4) of Section 21.02 of this code].

3-62 SECTION 9. Section 21.031, Tax Code, is amended by amending  
 3-63 Subsection (b) and adding Subsections (b-1), (b-2), (b-3), and (i)  
 3-64 to read as follows:

3-65 (b) The appraisal office shall make the allocation as  
 3-66 provided by Subsections (b-1), (b-2), and (b-3).

3-67 (b-1) Except as provided by Subsection (b-2), the [follows:  
 3-68 (1) The] allocable portion of the total fair market  
 3-69 value of a vessel or other watercraft used as an instrumentality of

4-1 commerce that is taxable in this state is determined by multiplying  
 4-2 the total fair market value by a fraction, the numerator of which is  
 4-3 the number of miles the vessel or watercraft was operated in this  
 4-4 state during the year preceding the tax year and the denominator of  
 4-5 which is the total number of miles the vessel or watercraft was  
 4-6 operated during the year preceding the tax year. [~~For purposes of~~  
 4-7 ~~this section, "vessel or other watercraft used as an~~  
 4-8 ~~instrumentality of commerce" means a vessel or other watercraft~~  
 4-9 ~~that is primarily employed in the transportation of cargo,~~  
 4-10 ~~passengers, or equipment, and that is economically employed when it~~  
 4-11 ~~is moving from point to point as a means of transportation.]~~

4-12 (b-2) A property owner that operates a fleet of vessels or  
 4-13 other watercraft that are used as instrumentalities of commerce may  
 4-14 elect in writing submitted to the appraisal office to have the  
 4-15 appraisal office make the allocation under this subsection. If the  
 4-16 property owner makes the election, the allocable portion of the  
 4-17 total fair market value of a vessel or other watercraft that is part  
 4-18 of the property owner's fleet, is used as an instrumentality of  
 4-19 commerce, is taxable in this state, and has taxable situs at a  
 4-20 location in the appraisal district is determined by multiplying the  
 4-21 total fair market value of the vessel or other watercraft by a  
 4-22 fraction, the numerator of which is the number of miles that all the  
 4-23 vessels or other watercraft of the property owner's fleet that are  
 4-24 used as instrumentalities of commerce, are taxable in this state,  
 4-25 and have taxable situs at a location in the same appraisal district  
 4-26 as the vessel or other watercraft the value of which is allocated  
 4-27 under this subsection were operated in this state during the year  
 4-28 preceding the tax year and the denominator of which is the total  
 4-29 number of miles that all the vessels or other watercraft of the  
 4-30 property owner's fleet that are used as instrumentalities of  
 4-31 commerce, are taxable in this state, and have taxable situs at a  
 4-32 location in the same appraisal district as the vessel or other  
 4-33 watercraft the value of which is allocated under this subsection  
 4-34 were operated during the year preceding the tax year.  
 4-35 Notwithstanding Sections 21.02 and 21.021, a property owner that  
 4-36 elects to have the appraisal office make the allocation of the  
 4-37 property owner's fleet under this subsection may designate the  
 4-38 location of the property owner's principal place of business as the  
 4-39 taxable situs of the fleet.

4-40 (b-3) [(2)] The allocable portion of the total fair market  
 4-41 value of a special-purpose vessel or other watercraft not used as an  
 4-42 instrumentality of commerce is determined by multiplying the total  
 4-43 fair market value by a fraction, the numerator of which is the  
 4-44 number of days the vessel or watercraft was physically located in  
 4-45 this state during the year preceding the tax year and the  
 4-46 denominator of which is 365. [~~For purposes of this section,~~  
 4-47 ~~"special-purpose vessel or other watercraft not used as an~~  
 4-48 ~~instrumentality of commerce" means a vessel or other watercraft~~  
 4-49 ~~that:~~

4-50 [(A) is designed to be transient and customarily  
 4-51 is moved from location to location on a more or less regular basis;

4-52 [(B) is economically employed when operated in a  
 4-53 localized area or in a fixed place; and

4-54 [(C) is not primarily employed to transport cargo,  
 4-55 passengers, and equipment but rather to perform some specialized  
 4-56 function or operation not requiring constant movement from point to  
 4-57 point.]

4-58 (i) For purposes of this section:

4-59 (1) "Special-purpose vessel or other watercraft not  
 4-60 used as an instrumentality of commerce" means a vessel or other  
 4-61 watercraft that:

4-62 (A) is designed to be transient and customarily  
 4-63 is moved from location to location on a more or less regular basis;

4-64 (B) is economically employed when operated in a  
 4-65 localized area or in a fixed place; and

4-66 (C) is not primarily employed to transport cargo,  
 4-67 passengers, and equipment but rather to perform some specialized  
 4-68 function or operation not requiring constant movement from point to  
 4-69 point.

5-1                   (2) "Vessel or other watercraft used as an  
 5-2 instrumentality of commerce" means a vessel or other watercraft  
 5-3 that is primarily employed in the transportation of cargo,  
 5-4 passengers, or equipment, and that is economically employed when it  
 5-5 is moving from point to point as a means of transportation.

5-6                   SECTION 10. Section 25.02, Tax Code, is amended by adding  
 5-7 Subsections (c), (d), (e), (f), and (g) to read as follows:

5-8                   (c) Each appraisal record must have a unique account number.

5-9 If an appraisal district changes the account number of an appraisal  
 5-10 record, the appraisal district must provide written notice of the  
 5-11 change to the property owner as soon as practicable after the change  
 5-12 and provide notice of the change in the next notice of appraised  
 5-13 value of the property included in the record that is delivered to  
 5-14 the property owner under Section 25.19.

5-15                   (d) This subsection does not apply to an appraisal record  
 5-16 for a residential property, for an improvement only, or for a  
 5-17 property on which a delinquent tax is due. On the written request  
 5-18 of a property owner, the chief appraiser shall combine contiguous  
 5-19 parcels or tracts of the owner's real property into a single  
 5-20 appraisal record. On the written request of a property owner, the  
 5-21 chief appraiser shall separate identifiable segments of the owner's  
 5-22 parcel or tract of real property into individual appraisal records.

5-23                   (e) A property owner must make a request under Subsection  
 5-24 (d) before January 1 of the tax year for which the requested change  
 5-25 to the appraisal records is to be made. The request must contain a  
 5-26 legal description as contained in a deed sufficient to describe the  
 5-27 property subject to the request.

5-28                   (f) If a chief appraiser refuses to combine parcels or  
 5-29 tracts, or separate a parcel or tract, on request of a property  
 5-30 owner under Subsection (d), the appraisal review board may order  
 5-31 the requested change on a motion filed by the property owner under  
 5-32 Section 25.25 or a protest filed under Chapter 41.

5-33                   (g) The combination of contiguous parcels or tracts of real  
 5-34 property into a single appraisal record or the separation of  
 5-35 identifiable segments of a parcel or tract of real property into  
 5-36 individual appraisal records under this section does not affect the  
 5-37 application of generally accepted appraisal methods and techniques  
 5-38 to the appraisal of real property associated with those appraisal  
 5-39 records, including real property that is part of the same economic  
 5-40 unit as real property contained in the same or another appraisal  
 5-41 record.

5-42                   SECTION 11. Section 25.19(b), Tax Code, as effective  
 5-43 January 1, 2022, is amended to read as follows:

5-44                   (b) The chief appraiser shall separate real from personal  
 5-45 property and include in the notice for each:

5-46                   (1) a list of the taxing units in which the property is  
 5-47 taxable;

5-48                   (2) the appraised value of the property in the  
 5-49 preceding year;

5-50                   (3) the taxable value of the property in the preceding  
 5-51 year for each taxing unit taxing the property;

5-52                   (4) the appraised value of the property for the  
 5-53 current year, the kind and amount of each exemption and partial  
 5-54 exemption, if any, approved for the property for the current year  
 5-55 and for the preceding year, and, if an exemption or partial  
 5-56 exemption that was approved for the preceding year was canceled or  
 5-57 reduced for the current year, the amount of the exemption or partial  
 5-58 exemption canceled or reduced;

5-59                   (5) *in italic typeface*, the following statement: "The  
 5-60 Texas Legislature does not set the amount of your local taxes. Your  
 5-61 property tax burden is decided by your locally elected officials,  
 5-62 and all inquiries concerning your taxes should be directed to those  
 5-63 officials";

5-64                   (6) a detailed explanation of the time and procedure  
 5-65 for protesting the value;

5-66                   (7) the date and place the appraisal review board will  
 5-67 begin hearing protests; ~~and~~

5-68                   (8) an explanation of the availability and purpose of  
 5-69 an informal conference with the appraisal office before a hearing

6-1 on a protest; and

6-2 (9) a brief explanation that the governing body of  
 6-3 each taxing unit decides whether or not taxes on the property will  
 6-4 increase and the appraisal district only determines the value of  
 6-5 the property.

6-6 SECTION 12. Section 25.19, Tax Code, is amended by adding  
 6-7 Subsections (m) and (n) to read as follows:

6-8 (m) The chief appraiser may not deliver a corrected or  
 6-9 amended notice of appraised value later than June 1 for property for  
 6-10 which a person files a rendition statement or property report as  
 6-11 required by Chapter 22 unless the purpose of the notice is to:

6-12 (1) include omitted property; or

6-13 (2) correct a clerical error.

6-14 (n) As soon as practicable after delivering a notice  
 6-15 required by this section to a property owner, the chief appraiser  
 6-16 shall post the notice on the appraisal district's Internet website,  
 6-17 if the appraisal district maintains a website, as part of the  
 6-18 appraisal record pertaining to the property.

6-19 SECTION 13. Section 31.11(h), Tax Code, is amended to read  
 6-20 as follows:

6-21 (h) This section does not apply to an overpayment caused by  
 6-22 a change of exemption status or correction of a tax roll, including  
 6-23 an overpayment received after a correction of a tax roll as a result  
 6-24 of an appeal under Chapter 42. Such an overpayment is covered by  
 6-25 Section 26.15 or 42.43, as applicable.

6-26 SECTION 14. Section 41.01, Tax Code, is amended by adding  
 6-27 Subsections (c), (d), and (e) to read as follows:

6-28 (c) The appraisal review board by rule shall adopt  
 6-29 procedures for hearings the board conducts under this subchapter  
 6-30 and Subchapter C. Before adopting the hearing procedures, the  
 6-31 board shall hold a public hearing to consider the hearing  
 6-32 procedures proposed for adoption by the board. Not later than May  
 6-33 15 of each year, the board shall hold the hearing, make any  
 6-34 amendments to the proposed hearing procedures the board determines  
 6-35 are necessary, and by resolution finally adopt the hearing  
 6-36 procedures. The board must comply with Section 5.103(d) when  
 6-37 adopting the hearing procedures. The chairman of the board is  
 6-38 responsible for the administration of hearing procedures adopted by  
 6-39 the board.

6-40 (d) The appraisal review board shall distribute copies of  
 6-41 the hearing procedures adopted by the board to the board of  
 6-42 directors of, and the taxpayer liaison officer for, the appraisal  
 6-43 district for which the appraisal review board is established and to  
 6-44 the comptroller not later than the 15th day after the date the board  
 6-45 adopts the hearing procedures.

6-46 (e) The appraisal review board shall post a copy of the  
 6-47 hearing procedures adopted by the board:

6-48 (1) in a prominent place in each room in which the  
 6-49 board conducts hearings under this subchapter and Subchapter C; and

6-50 (2) if the appraisal district for which the board is  
 6-51 established maintains an Internet website, on the appraisal  
 6-52 district's website.

6-53 SECTION 15. Section 41.44(d), Tax Code, is amended to read  
 6-54 as follows:

6-55 (d) A notice of protest is sufficient if it identifies the  
 6-56 protesting property owner, including a person claiming an ownership  
 6-57 interest in the property even if that person is not listed on the  
 6-58 appraisal records as an owner of the property, identifies the  
 6-59 property that is the subject of the protest, and indicates apparent  
 6-60 dissatisfaction with some determination of the appraisal  
 6-61 office. The notice need not be on an official form, but the  
 6-62 comptroller shall prescribe a form that provides for more detail  
 6-63 about the nature of the protest. The form must permit a property  
 6-64 owner to include each property in the appraisal district that is the  
 6-65 subject of a protest. The form must permit a property owner to  
 6-66 request that the protest be heard by a special panel established  
 6-67 under Section 6.425 if the protest will be determined by an  
 6-68 appraisal review board to which that section applies and the  
 6-69 property is included in a classification described by Section

7-1 6.425(b). The form must permit a property owner to request that the  
 7-2 protest be heard by a single-member panel authorized by Section  
 7-3 41.45(b-4). The comptroller, each appraisal office, and each  
 7-4 appraisal review board shall make the forms readily available and  
 7-5 deliver one to a property owner on request.

7-6 SECTION 16. Subchapter C, Chapter 41, Tax Code, is amended  
 7-7 by adding Section 41.445 to read as follows:

7-8 Sec. 41.445. INFORMAL CONFERENCE BEFORE HEARING ON PROTEST.  
 7-9 The appraisal office shall hold an informal conference with each  
 7-10 property owner who files a notice of protest with the appraisal  
 7-11 review board and requests an informal conference. An informal  
 7-12 conference must be held before the hearing on the protest.

7-13 SECTION 17. Section 41.45, Tax Code, is amended by amending  
 7-14 Subsections (b-1), (d), (d-2), and (d-3) and adding Subsections  
 7-15 (b-4) and (b-5) to read as follows:

7-16 (b-1) An appraisal review board shall conduct a hearing on a  
 7-17 protest by telephone conference call if[+]

7-18 [~~1~~] the property owner notifies the board that the  
 7-19 property owner intends to appear by telephone conference call in  
 7-20 the owner's notice of protest or by written notice filed with the  
 7-21 board not later than the 10th day before the date of the hearing [+  
 7-22 ~~or~~

7-23 [~~2~~] ~~the board proposes that the hearing be conducted~~  
 7-24 ~~by telephone conference call and the property owner agrees to the~~  
 7-25 ~~hearing being conducted in that manner].~~

7-26 (b-4) An appraisal review board shall sit in a single-member  
 7-27 panel to conduct a protest hearing under this section if the  
 7-28 property owner requests that the hearing be conducted by a  
 7-29 single-member panel:

7-30 (1) in the notice of protest; or

7-31 (2) in writing submitted to the board not later than  
 7-32 the 10th day before the date of the hearing.

7-33 (b-5) If the recommendation of a single-member panel that  
 7-34 conducts a hearing under Subsection (b-4) is not accepted by the  
 7-35 appraisal review board, the board may refer the matter for  
 7-36 rehearing to a single-member panel composed of a member who did not  
 7-37 hear the original protest or the board may determine the protest.

7-38 (d) This subsection does not apply to a single-member panel  
 7-39 established under Subsection (b-4) of this section or a special  
 7-40 panel established under Section 6.425. An appraisal review board  
 7-41 consisting of more than three members may sit in panels of not fewer  
 7-42 than three members to conduct protest hearings. If the  
 7-43 recommendation of a panel is not accepted by the board, the board  
 7-44 may refer the matter for rehearing to a panel composed of members  
 7-45 who did not hear the original protest or, if there are not at least  
 7-46 three members who did not hear the original protest, the board may  
 7-47 determine the protest.

7-48 (d-2) The determination of a protest heard by a panel under  
 7-49 Subsection (b-4), (d), or (d-1) must be made by the board.

7-50 (d-3) The board must deliver notice of a hearing or meeting  
 7-51 to determine a protest heard by a panel, or to rehear a protest,  
 7-52 under Subsection (b-4), (d), or (d-1) in accordance with the  
 7-53 provisions of this subchapter.

7-54 SECTION 18. Section 41.461(a), Tax Code, is amended to read  
 7-55 as follows:

7-56 (a) At least 14 days before a hearing on a protest, the chief  
 7-57 appraiser shall:

7-58 (1) deliver a copy of the pamphlet prepared by the  
 7-59 comptroller under Section 5.06 to the property owner initiating the  
 7-60 protest, or to an agent representing the owner if requested by the  
 7-61 agent;

7-62 (2) inform the property owner that the owner or the  
 7-63 agent of the owner is entitled on request to a copy of the data,  
 7-64 schedules, formulas, and all other information the chief appraiser  
 7-65 will introduce at the hearing to establish any matter at issue; and

7-66 (3) deliver a copy of the hearing procedures adopted  
 7-67 [~~established~~] by the appraisal review board under Section 41.01  
 7-68 [~~41.66~~] to the property owner.

7-69 SECTION 19. Section 41.47, Tax Code, is amended by amending

8-1 Subsection (c) and adding Subsection (d-1) to read as follows:

8-2 (c) If the protest is of the determination of the appraised  
8-3 value of the owner's property, the appraisal review board must  
8-4 state in the order the appraised value of the property, listed  
8-5 separately in the case of real property as the appraised value of  
8-6 the land and the appraised value of any improvement to the land as  
8-7 allocated by the chief appraiser:

8-8 (1) as shown in the appraisal records submitted to the  
8-9 board by the chief appraiser under Section 25.22 or 25.23; and

8-10 (2) as finally determined by the board.

8-11 (d-1) This subsection applies only to an appraisal district  
8-12 established in a county with a population of 120,000 or more. The  
8-13 requirements of this subsection are in addition to the requirements  
8-14 of Subsection (d). On written request submitted to the chief  
8-15 appraiser, the chief appraiser shall deliver by e-mail, in the  
8-16 manner provided by this subsection, a copy of the notice of issuance  
8-17 of the order and a copy of the order required by Subsection (d) if  
8-18 the property subject to the order is not the subject of an agreement  
8-19 under Section 1.085. A request under this subsection may be  
8-20 submitted only by the property owner whose property is subject to  
8-21 the protest for which the order is issued, an attorney representing  
8-22 the property owner, or an individual designated by the property  
8-23 owner under Section 1.111. A person may include in a single request  
8-24 more than one property owned by the same property owner or multiple  
8-25 properties owned by multiple property owners. A person may submit  
8-26 more than one request. A person submitting a request must indicate  
8-27 in the request that the chief appraiser must make the delivery to  
8-28 the property owner, an attorney representing the property owner, an  
8-29 individual designated by the property owner under Section 1.111, or  
8-30 a combination of those persons. A person must submit a request  
8-31 before the protest hearing relating to each property included in  
8-32 the request. The chief appraiser shall deliver, as provided by this  
8-33 subsection, a copy of the notice of issuance of the order and a copy  
8-34 of the order required by Subsection (d) not later than the 21st day  
8-35 after the date the appraisal review board issues the order.

8-36 SECTION 20. Section 41.66, Tax Code, is amended by amending  
8-37 Subsection (a) and adding Subsection (q) to read as follows:

8-38 (a) The appraisal review board shall conduct hearings in  
8-39 accordance with the hearing procedures adopted by the appraisal  
8-40 review board under Section 41.01(c) [~~establish by rule the~~  
8-41 ~~procedures for hearings it conducts as provided by Subchapters A~~  
8-42 ~~and C of this chapter~~]. On request made by a property owner in the  
8-43 owner's notice of protest or in a separate writing delivered to the  
8-44 appraisal review board on or before the date the notice of protest  
8-45 is filed, the property owner is entitled to a copy of the hearing  
8-46 procedures. The copy of the hearing procedures shall be delivered  
8-47 to the property owner not later than the 10th day before the date  
8-48 the hearing on the protest begins and may be delivered with the  
8-49 notice of the protest hearing required under Section 41.46(a). The  
8-50 notice of protest form prescribed by the comptroller under Section  
8-51 41.44(d) or any other notice of protest form made available to a  
8-52 property owner by the appraisal review board or the appraisal  
8-53 office shall provide the property owner an opportunity to make or  
8-54 decline to make a request under this subsection. [~~The appraisal~~  
8-55 ~~review board shall post a copy of the hearing procedures in a~~  
8-56 ~~prominent place in the room in which the hearing is held.~~]

8-57 (q) A person who owns property in an appraisal district or  
8-58 the chief appraiser of an appraisal district may file a complaint  
8-59 with the taxpayer liaison officer for the appraisal district  
8-60 alleging that the appraisal review board established for the  
8-61 appraisal district has adopted or is implementing hearing  
8-62 procedures that are not in compliance with the model hearing  
8-63 procedures prepared by the comptroller under Section 5.103 or is  
8-64 not complying with procedural requirements under this chapter. The  
8-65 taxpayer liaison officer shall investigate the complaint and report  
8-66 the findings of the investigation to the board of directors of the  
8-67 appraisal district. The board of directors shall direct the  
8-68 chairman of the appraisal review board to take remedial action if,  
8-69 after reviewing the taxpayer liaison officer's report, the board of

9-1 directors determines that the allegations contained in the  
 9-2 complaint are true. The board of directors may remove the member of  
 9-3 the appraisal review board serving as chairman of the appraisal  
 9-4 review board from that member's position as chairman if the board  
 9-5 determines that the chairman has failed to take the actions  
 9-6 necessary to bring the appraisal review board into compliance with  
 9-7 Section 5.103(d) or this chapter, as applicable.

9-8 SECTION 21. Chapter 41A, Tax Code, is amended by adding  
 9-9 Section 41A.015 to read as follows:

9-10 Sec. 41A.015. LIMITED BINDING ARBITRATION TO COMPEL  
 9-11 COMPLIANCE WITH CERTAIN PROCEDURAL REQUIREMENTS RELATED TO  
 9-12 PROTESTS. (a) A property owner who has filed a notice of protest  
 9-13 under Chapter 41 may file a request for limited binding arbitration  
 9-14 under this section to compel the appraisal review board or chief  
 9-15 appraiser, as appropriate, to:

9-16 (1) rescind procedural rules adopted by the appraisal  
 9-17 review board that are not in compliance with the model hearing  
 9-18 procedures prepared by the comptroller under Section 5.103;

9-19 (2) schedule a hearing on a protest as required by  
 9-20 Section 41.45;

9-21 (3) deliver information to the property owner in the  
 9-22 manner required by Section 41.461;

9-23 (4) allow the property owner to offer evidence,  
 9-24 examine or cross-examine witnesses or other parties, and present  
 9-25 arguments as required by Section 41.66(b);

9-26 (5) set a hearing for a time and date certain and  
 9-27 postpone a hearing that does not begin within two hours of the  
 9-28 scheduled time as required by Section 41.66(i);

9-29 (6) schedule hearings on protests concerning multiple  
 9-30 properties identified in the same notice of protest on the same day  
 9-31 at the request of the property owner or the property owner's  
 9-32 designated agent as required by Section 41.66(j); or

9-33 (7) refrain from using or offering as evidence  
 9-34 information requested by the property owner under Section 41.461  
 9-35 that was not delivered to the property owner at least 14 days before  
 9-36 the hearing as required by Section 41.67(d).

9-37 (b) A property owner may not file a request for limited  
 9-38 binding arbitration under this section unless:

9-39 (1) the property owner has delivered written notice to  
 9-40 the chairman of the appraisal review board, the chief appraiser,  
 9-41 and the taxpayer liaison officer for the applicable appraisal  
 9-42 district by certified mail, return receipt requested, of the  
 9-43 procedural requirement with which the property owner alleges the  
 9-44 appraisal review board or chief appraiser failed to comply on or  
 9-45 before the fifth business day after the date the appraisal review  
 9-46 board or chief appraiser was required to comply with the  
 9-47 requirement; and

9-48 (2) the chairman of the appraisal review board or  
 9-49 chief appraiser, as applicable, fails to deliver to the property  
 9-50 owner on or before the 10th day after the date the notice is  
 9-51 delivered a written statement confirming that the appraisal review  
 9-52 board or chief appraiser, as applicable, will comply with the  
 9-53 requirement or cure a failure to comply with the requirement.

9-54 (c) Except as otherwise provided by this subtitle, the  
 9-55 failure to comply with a procedural requirement listed under  
 9-56 Subsection (a) is not a ground for postponement of a hearing on a  
 9-57 protest. An appraisal review board may cure an alleged failure to  
 9-58 comply with a procedural requirement that occurred during a hearing  
 9-59 by rescinding the order determining the protest for which the  
 9-60 hearing was held and scheduling a new hearing on the protest.

9-61 (d) A property owner must request limited binding  
 9-62 arbitration under this section by filing a request with the  
 9-63 comptroller. The property owner may not file the request earlier  
 9-64 than the 11th day or later than the 30th day after the date the  
 9-65 property owner delivers the notice required by Subsection (b)(1) to  
 9-66 the chairman of the appraisal review board, the chief appraiser,  
 9-67 and the taxpayer liaison officer for the applicable appraisal  
 9-68 district.

9-69 (e) A request for limited binding arbitration under this

10-1 section must be in a form prescribed by the comptroller and be  
10-2 accompanied by an arbitration deposit payable to the comptroller in  
10-3 the amount of:

10-4 (1) \$450, if the property that is the subject of the  
10-5 protest to which the arbitration relates qualifies as the property  
10-6 owner's residence homestead under Section 11.13 and the appraised  
10-7 or market value, as applicable, of the property is \$500,000 or less,  
10-8 as determined by the appraisal district for the most recent tax  
10-9 year; or

10-10 (2) \$550, for property other than property described  
10-11 by Subdivision (1).

10-12 (f) The comptroller shall prescribe the form to be used for  
10-13 submitting a request for limited binding arbitration under this  
10-14 section. The form must require the property owner to provide:

10-15 (1) a statement that the property owner has provided  
10-16 the written notice required by Subsection (b);

10-17 (2) a statement that the property owner has made the  
10-18 arbitration deposit required by this section;

10-19 (3) a brief statement identifying the procedural  
10-20 requirement with which the property owner alleges the appraisal  
10-21 review board or chief appraiser, as applicable, has failed to  
10-22 comply;

10-23 (4) a description of the action taken or not taken by  
10-24 the appraisal review board or chief appraiser regarding the  
10-25 procedural requirement identified under Subdivision (3);

10-26 (5) a description of the property to which the award  
10-27 will apply; and

10-28 (6) any other information reasonably necessary for the  
10-29 comptroller to appoint an arbitrator.

10-30 (g) On receipt of the request and deposit under this  
10-31 section, the comptroller shall appoint an arbitrator from the  
10-32 registry maintained under Section 41A.06 who is eligible to serve  
10-33 as an arbitrator under Subsection (p) of this section. Section  
10-34 41A.07(h) does not apply to the appointment of an arbitrator under  
10-35 this section.

10-36 (h) The appraisal review board, the chief appraiser, and the  
10-37 property owner are parties to a limited binding arbitration  
10-38 conducted under this section. The appraisal review board may  
10-39 appear by counsel, by the chairman, or by a person designated by the  
10-40 chairman. The chief appraiser may appear by counsel, in person, or  
10-41 by a designated employee. The property owner may appear in the  
10-42 manner provided by Section 41A.08(b)(2), (3), (4), or (5).

10-43 (i) The arbitrator shall make an arbitration award and  
10-44 deliver an electronic copy of the award to:

10-45 (1) the property owner;  
10-46 (2) the chairman of the appraisal review board;  
10-47 (3) the chief appraiser; and  
10-48 (4) the comptroller.

10-49 (j) An award under this section:

10-50 (1) shall include a determination of whether the  
10-51 appraisal review board or chief appraiser failed to comply with a  
10-52 procedural requirement as alleged in the request for limited  
10-53 binding arbitration;

10-54 (2) if the arbitrator determines that the appraisal  
10-55 review board or chief appraiser failed to comply with a procedural  
10-56 requirement as alleged in the request, shall direct the appraisal  
10-57 review board or chief appraiser, as applicable, to:

10-58 (A) comply with the procedural requirement; or  
10-59 (B) if the hearing on the protest has been held  
10-60 and the appraisal review board has issued an order determining the  
10-61 protest, rescind the order and hold a new hearing on the protest  
10-62 that complies with the procedural requirement;

10-63 (3) shall specify the arbitrator's fee;  
10-64 (4) is final and may not be appealed; and  
10-65 (5) is enforceable as provided by Section 41A.09.

10-66 (k) If the arbitrator determines that the appraisal review  
10-67 board or chief appraiser failed to comply with the procedural  
10-68 requirement that was the subject of the limited binding  
10-69 arbitration:

11-1 (1) the comptroller, on receipt of a copy of the award,  
 11-2 shall refund the property owner's arbitration deposit, less the  
 11-3 amount retained by the comptroller under Section 41A.05(b); and

11-4 (2) the appraisal district shall pay the arbitrator's  
 11-5 fee.

11-6 (1) If the arbitrator determines that the appraisal review  
 11-7 board or chief appraiser complied with the procedural requirement  
 11-8 that was the subject of the limited binding arbitration, the  
 11-9 comptroller shall:

11-10 (1) pay the arbitrator's fee out of the owner's  
 11-11 arbitration deposit; and

11-12 (2) refund to the owner the owner's arbitration  
 11-13 deposit, less the arbitrator's fee and the amount retained by the  
 11-14 comptroller under Section 41A.05(b).

11-15 (m) As soon as practicable after receiving notice of an  
 11-16 award, the appraisal review board or the chief appraiser shall:

11-17 (1) take any action required to comply with the  
 11-18 requirements of the award; and

11-19 (2) if the award requires the appraisal review board  
 11-20 to conduct a new hearing under Chapter 41, schedule and conduct the  
 11-21 hearing.

11-22 (n) An award under this section does not affect the property  
 11-23 owner's right to:

11-24 (1) appeal the final determination of a protest by the  
 11-25 appraisal review board under Chapter 42; or

11-26 (2) pursue any other legal or statutory remedy  
 11-27 available to the property owner.

11-28 (o) A property owner may request a single limited binding  
 11-29 arbitration under this section that covers more than one property,  
 11-30 more than one protest hearing, or an allegation of the failure by  
 11-31 the appraisal review board or chief appraiser to comply with more  
 11-32 than one procedural requirement so long as the requirements of  
 11-33 Subsection (b) are met with regard to each alleged failure to  
 11-34 comply. The amount of the arbitration deposit and the amount of the  
 11-35 arbitrator's fee are computed as if a single property were the  
 11-36 subject of the arbitration. If the arbitration involves property  
 11-37 described by Subsection (e)(1) and property described by Subsection  
 11-38 (e)(2), the amount of the arbitration deposit and the amount of the  
 11-39 arbitrator's fee are computed as if only the property described by  
 11-40 Subsection (e)(2) were the subject of the arbitration. If the  
 11-41 arbitration involves an allegation of the failure by the appraisal  
 11-42 review board or chief appraiser to comply with more than one  
 11-43 procedural requirement, Subsection (k) applies if the arbitrator  
 11-44 determines that the appraisal review board or chief appraiser  
 11-45 failed to comply with one or more of the procedural requirements  
 11-46 that were the subject of the arbitration and Subsection (l) applies  
 11-47 if the arbitrator determines that the appraisal review board or  
 11-48 chief appraiser complied with all of the procedural requirements  
 11-49 that were the subject of the arbitration.

11-50 (p) Section 41A.06 applies to the registration and  
 11-51 qualification of an arbitrator under this section except that an  
 11-52 arbitrator under this section must:

11-53 (1) be a licensed attorney; and

11-54 (2) agree to conduct an arbitration for a fee that is  
 11-55 not more than:

11-56 (A) \$400 if the property is described by  
 11-57 Subsection (e)(1); or

11-58 (B) \$500 if the property is described by  
 11-59 Subsection (e)(2).

11-60 (q) Except as otherwise provided by this section, the  
 11-61 provisions of this chapter apply to a limited binding arbitration  
 11-62 under this section. In the event of a conflict between this section  
 11-63 and another provision of this chapter, this section controls.

11-64 SECTION 22. Section 41A.10, Tax Code, is amended by  
 11-65 amending Subsection (a) and adding Subsection (c) to read as  
 11-66 follows:

11-67 (a) The pendency of an appeal under this chapter does not  
 11-68 affect the delinquency date for the taxes on the property subject to  
 11-69 the appeal. Except for a property owner who has elected to defer

12-1 the collection of taxes under Section 33.06 or 33.065 on the  
 12-2 property subject to the appeal and for which the deferral is still  
 12-3 in effect, a [A] property owner who appeals an appraisal review  
 12-4 board order under this chapter shall pay taxes on the property  
 12-5 subject to the appeal in an amount equal to the amount of taxes due  
 12-6 on the portion of the taxable value of the property that is not in  
 12-7 dispute. If the final determination of an appeal under this chapter  
 12-8 decreases the property owner's tax liability to less than the  
 12-9 amount of taxes paid, the taxing unit shall refund to the property  
 12-10 owner the difference between the amount of taxes paid and the amount  
 12-11 of taxes for which the property owner is liable.

12-12 (c) For the purposes of Subsection (b) of this section,  
 12-13 taxes are not considered delinquent on property subject to an  
 12-14 appeal if the property owner has elected to defer the collection of  
 12-15 taxes on the property under Section 33.06 or 33.065 and the deferral  
 12-16 is still in effect.

12-17 SECTION 23. Section 42.015(a), Tax Code, is amended to read  
 12-18 as follows:

12-19 (a) A person leasing property who is contractually  
 12-20 obligated to reimburse the property owner for taxes imposed on the  
 12-21 property is entitled to appeal an order of the appraisal review  
 12-22 board determining a protest relating to the property:

12-23 (1) brought by the person under Section 41.413; or  
 12-24 (2) brought by the property owner if the property  
 12-25 owner does not appeal the order.

12-26 SECTION 24. Section 42.23(e), Tax Code, is amended to read  
 12-27 as follows:

12-28 (e) For purposes of Subsection (d), a property owner may  
 12-29 designate a cause of action under Section 42.25 or 42.26 as the  
 12-30 basis for an appeal, but may not designate a cause of action under  
 12-31 both sections as the basis for the appeal. Discovery regarding a  
 12-32 cause of action that is not specifically designated by the property  
 12-33 owner under Subsection (d) shall be conducted as provided by the  
 12-34 Texas Rules of Civil Procedure. A [The] court may not enter an  
 12-35 order, including a protective order [~~to modify the provisions of~~  
 12-36 ~~this subsection]~~ under Rule 192.6 of the Texas Rules of Civil  
 12-37 Procedure, that conflicts with Subsection (d).

12-38 SECTION 25. Section 6.03, Tax Code, as amended by this Act,  
 12-39 applies only to the selection of members of the board of directors  
 12-40 of an appraisal district who are appointed for a term that begins on  
 12-41 or after January 1, 2022.

12-42 SECTION 26. Section 11.253, Tax Code, as amended by this  
 12-43 Act, applies only to a tax year beginning on or after January 1,  
 12-44 2022.

12-45 SECTION 27. Sections 21.021 and 21.031, Tax Code, as  
 12-46 amended by this Act, apply only to the allocation of the value and  
 12-47 the determination of the situs of vessels and other watercraft for  
 12-48 ad valorem tax purposes beginning on or after January 1, 2022.

12-49 SECTION 28. Section 25.19, Tax Code, as amended by this Act,  
 12-50 applies only to a notice of appraised value for a tax year beginning  
 12-51 on or after January 1, 2022.

12-52 SECTION 29. Section 41.445, Tax Code, as added by this Act,  
 12-53 and Sections 41.45 and 41.47, Tax Code, as amended by this Act,  
 12-54 apply only to a protest under Chapter 41, Tax Code, for which a  
 12-55 notice of protest is filed by a property owner on or after January  
 12-56 1, 2022. A protest under Chapter 41, Tax Code, for which a notice of  
 12-57 protest is filed by a property owner before January 1, 2022, is  
 12-58 governed by the law in effect on the date the notice of protest is  
 12-59 filed, and the former law is continued in effect for that purpose.

12-60 SECTION 30. Section 41A.10, Tax Code, as amended by this  
 12-61 Act, applies only to a request for binding arbitration under  
 12-62 Chapter 41A, Tax Code, that is filed on or after the effective date  
 12-63 of this Act. A request for binding arbitration under Chapter 41A,  
 12-64 Tax Code, that is filed before the effective date of this Act is  
 12-65 governed by the law in effect on the date the request is filed, and  
 12-66 the former law is continued in effect for that purpose.

12-67 SECTION 31. Sections 42.015 and 42.23, Tax Code, as amended  
 12-68 by this Act, apply to an appeal under Chapter 42, Tax Code, that is  
 12-69 pending on the date the amendments to those sections take effect

13-1 under this Act or that is filed on or after that date.

13-2 SECTION 32. The comptroller of public accounts is required  
13-3 to implement a provision of this Act only if the legislature  
13-4 appropriates money specifically for that purpose. If the  
13-5 legislature does not appropriate money specifically for that  
13-6 purpose, the comptroller may, but is not required to, implement a  
13-7 provision of this Act using other appropriations available for that  
13-8 purpose.

13-9 SECTION 33. (a) Except as provided by Subsection (b) of this  
13-10 section, this Act takes effect January 1, 2022.

13-11 (b) Sections 5.103, 5.104, 6.052, 41.01, 41.461, 41.66,  
13-12 42.015, and 42.23, Tax Code, as amended by this Act, and Section  
13-13 41A.015, Tax Code, as added by this Act, take effect immediately if  
13-14 this Act receives a vote of two-thirds of all the members elected to  
13-15 each house, as provided by Section 39, Article III, Texas  
13-16 Constitution. If this Act does not receive the vote necessary for  
13-17 immediate effect, those sections of this Act take effect September  
13-18 1, 2021.

13-19

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