

By: Oliveira

H.B. No. 626

A BILL TO BE ENTITLED

AN ACT

relating to the imposition, administration, enforcement, and collection of a state property tax for general elementary and secondary public school purposes.

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

SECTION 1. Chapter 45, Education Code, is amended by adding Subchapter I to read as follows:

SUBCHAPTER I. STATE AD VALOREM TAX

Sec. 45.251. STATE AD VALOREM TAX. (a) The state ad valorem tax rate is \$1.25 per \$100 of taxable value of property subject to the tax.

(b) Except as otherwise provided by law, the state shall be treated, for purposes of the state ad valorem tax, as a taxing unit under Title 1, Tax Code.

Sec. 45.252. APPRAISAL OF PROPERTY. (a) Property subject to the state ad valorem tax shall be appraised by the appraisal district for the county in which the property has taxable situs under Chapter 21, Tax Code.

(b) Property subject to the state ad valorem tax shall be appraised in the manner provided by Title 1, Tax Code, for the appraisal of property subject to ad valorem taxation by a county.

Sec. 45.253. TAX COLLECTION. (a) The assessor-collector for each county shall assess and collect state ad valorem taxes imposed on property included on the appraisal roll for state

1 taxation certified to the county assessor-collector under Section
2 26.01, Tax Code, unless the commissioners court of the county
3 contracts with an official, taxing unit, or political subdivision
4 of this state for the assessment or collection of the ad valorem
5 taxes of the county, in which event the official, taxing unit, or
6 political subdivision shall also assess or collect, as applicable,
7 the state ad valorem taxes.

8 (b) Each assessor or collector of state ad valorem taxes is
9 entitled to be reimbursed by the comptroller for the actual costs
10 incurred by the assessor or collector in assessing or collecting
11 state ad valorem taxes. However, an assessor or collector is not
12 entitled to be reimbursed for any amount that is greater than the
13 additional incremental costs incurred in assessing or collecting
14 the state ad valorem taxes.

15 (c) The comptroller shall:

16 (1) prescribe methods of accounting for and remitting
17 state ad valorem taxes;

18 (2) prescribe methods for establishing an assessor's
19 or collector's additional incremental costs incurred in assessing
20 or collecting state ad valorem taxes;

21 (3) prescribe and furnish forms for periodic reports
22 relating to state ad valorem taxes; and

23 (4) periodically examine the records of each assessor
24 or collector of state ad valorem taxes to verify the accuracy of any
25 reports required under this subsection.

26 (d) The comptroller may require an assessor or collector of
27 state ad valorem taxes to give a bond to the state, conditioned on

1 the faithful performance of the person's duties as assessor or
2 collector, and may require a county assessor-collector to increase
3 the bond for state taxes given under Section 6.28, Tax Code, in the
4 amount the comptroller considers appropriate to protect the state
5 from potential losses with regard to collection of state ad valorem
6 taxes.

7 Sec. 45.254. DUTIES AND POWERS OF COMPTROLLER. (a) Except
8 as otherwise provided by this subchapter, a duty imposed on or power
9 granted to the governing body of a taxing unit by Title 1, Tax Code,
10 may, for purposes of the state ad valorem tax under this subchapter,
11 be exercised by the comptroller. A reference to the presiding
12 officer of a governing body in Title 1, Tax Code, is a reference to
13 the comptroller for the purposes of the state tax under this
14 subchapter.

15 (b) The comptroller may delegate to the county
16 assessor-collector any function of the comptroller with respect to
17 the state ad valorem tax and may designate the county
18 assessor-collector as the comptroller's agent for purposes of
19 administration of the state ad valorem tax.

20 Sec. 45.255. ADMINISTRATION AND REFUND ACCOUNTS. The
21 comptroller shall deposit to the credit of the general revenue fund
22 in appropriately designated accounts an amount of revenue collected
23 from the state ad valorem tax to pay for the comptroller's expenses
24 in administering this subchapter and for the payment of tax refunds
25 that may become payable.

26 Sec. 45.256. NONAPPLICABILITY OF CERTAIN OTHER TAX LAWS.
27 Title 2, Tax Code, does not apply to the state ad valorem tax under

1 this subchapter.

2 Sec. 45.257. TAX INCREMENT FINANCING. (a) Except as
3 otherwise provided by this section, the state may not pay any
4 portion of the tax increment produced by the state into the tax
5 increment fund for a reinvestment zone designated under Chapter
6 311, Tax Code.

7 (b) If a reinvestment zone was designated under Chapter 311,
8 Tax Code, before January 1, 2006, and a school district entered into
9 an agreement with the governing body of the municipality that
10 created the zone to pay into the tax increment fund for the zone any
11 portion of the school district's tax increment produced from
12 property located in the zone, the portion of the tax increment
13 produced by the school district that must be paid into the tax
14 increment fund shall be determined as provided by this subsection,
15 notwithstanding the terms of the agreement, and the state shall pay
16 a portion of the tax increment produced by the state into the tax
17 increment fund as determined by this subsection. The collector for
18 the municipality shall calculate the portion of the total amount of
19 tax increment produced by the school district and the state that the
20 school district would be required to pay into the tax increment fund
21 under the agreement if that total amount of tax increment were
22 produced solely by the school district. That amount shall be
23 apportioned between the school district and the state in proportion
24 to the amount of tax increment produced by each of those entities,
25 and each entity shall pay the amount apportioned to it into the tax
26 increment fund.

27 (c) If the reinvestment zone was designated under Chapter

1 311, Tax Code, before this subchapter took effect, the tax
2 increment base of the state is calculated under Section 311.012,
3 Tax Code, as if this subchapter were in effect for the year in which
4 the zone was designated.

5 (d) If the reinvestment zone includes property taxable by
6 more than one school district, the amount of tax increment required
7 to be paid into the tax increment fund by each school district and
8 the state shall be calculated as provided by Subsection (b)
9 separately for the portion of the reinvestment zone located in each
10 school district.

11 Sec. 45.258. TAX ABATEMENT. (a) Except as otherwise
12 provided by this section, the state may not participate in tax
13 abatement under Section 311.0125 or 311.013(g) or Chapter 312, Tax
14 Code.

15 (b) If school district property taxes on property located in
16 the taxing jurisdiction of a school district are abated under a tax
17 abatement agreement entered into by the school district under
18 Chapter 312, Tax Code, the terms of the agreement regarding the
19 portion of the value of the property that is to be exempted from
20 taxation in each year of the agreement apply to the taxation of the
21 property by the state. A modification of the agreement by the
22 parties to the agreement under Section 312.208, Tax Code, that
23 increases the portion of the value of the property that is to be
24 exempted from taxation or that extends the duration of the
25 agreement does not apply to the taxation of the property by the
26 state unless the modification is entered into before January 1,
27 2006.

1 Sec. 45.259. LIMITATION ON APPRAISED VALUE OF CERTAIN
2 PROPERTY FOR STATE TAXATION. This section applies only in
3 connection with property for which before January 1, 2006, the
4 governing body of a school district has entered into a written
5 agreement with a property owner under Section 313.027, Tax Code,
6 for the implementation of a limitation on appraised value under
7 Subchapter B or C, Chapter 313, Tax Code. In each tax year in which
8 the appraised value of the property is subject to the limitation,
9 the appraised value of the property for purposes of the taxation of
10 the property by the state is the same as the appraised value of the
11 property for school district tax purposes.

12 SECTION 2. Subchapter A, Chapter 6, Tax Code, is amended by
13 adding Section 6.038 to read as follows:

14 Sec. 6.038. STATE PARTICIPATION. (a) The comptroller and
15 the state do not participate in the election of the board of
16 directors of an appraisal district, the governance or management of
17 the district, or the determination of the district's finances and
18 budget.

19 (b) The comptroller by rule shall establish guidelines and
20 criteria under which, if the comptroller finds that generally
21 accepted appraisal standards and practices were not used by the
22 appraisal district appraising property subject to the state ad
23 valorem tax or that the appraised values assigned to property
24 subject to that tax are invalid, the comptroller may:

25 (1) withhold payment of all or part of the portion of
26 the amount of the budget of the appraisal district that is allocated
27 to the state until the district takes appropriate actions to remedy

1 the deficiencies in appraisals found by the comptroller; or

2 (2) direct that all or any part of the portion of the
3 amount of the budget of the district allocated to the state be
4 applied to remedying those deficiencies.

5 SECTION 3. Section 6.06(d), Tax Code, is amended to read as
6 follows:

7 (d) The state and each [~~Each~~] taxing unit participating in
8 the district are each [~~is~~] allocated a portion of the amount of the
9 budget equal to the proportion that the total dollar amount of
10 property taxes imposed in the district by the state or taxing unit
11 for the tax year in which the budget proposal is prepared bears to
12 the sum of the total dollar amount of property taxes imposed in the
13 district by the state and each participating unit for that year.
14 For purposes of this subsection, only state ad valorem taxes
15 imposed in the county for which the district is established are
16 considered as state ad valorem taxes imposed in the district. If a
17 taxing unit participates in two or more districts, only the taxes
18 imposed in a district are used to calculate the unit's cost
19 allocations in that district. If the number of real property
20 parcels in a taxing unit is less than 5 percent of the total number
21 of real property parcels in the district and the taxing unit imposes
22 in excess of 25 percent of the total amount of the property taxes
23 imposed in the district by all of the participating taxing units for
24 a year, the unit's allocation may not exceed a percentage of the
25 appraisal district's budget equal to three times the unit's
26 percentage of the total number of real property parcels appraised
27 by the district.

1 SECTION 4. Sections 11.13(b) and (c), Tax Code, are amended
2 to read as follows:

3 (b) An adult is entitled to exemption from taxation by a
4 school district of \$40,000 [~~\$15,000~~] of the appraised value of the
5 adult's residence homestead, except that \$35,000 [~~\$10,000~~] of the
6 school district exemption does not apply to an entity operating
7 under former Chapter 17, 18, 25, 26, 27, or 28, Education Code, as
8 those chapters existed on May 1, 1995, as permitted by Section
9 11.301, Education Code.

10 (c) In addition to the exemption provided by Subsection (b)
11 [~~of this section~~], an adult who is disabled or is 65 years of age or
12 older is entitled to an exemption from taxation by the state for
13 public school purposes or by a school district of \$10,000 of the
14 appraised value of the adult's [~~his~~] residence homestead.

15 SECTION 5. Section 11.14, Tax Code, is amended by adding
16 Subsection (f) to read as follows:

17 (f) Subsection (c) does not apply to the comptroller or to
18 the state ad valorem tax.

19 SECTION 6. Section 11.26, Tax Code, is amended by amending
20 Subsection (a) and adding Subsection (a-1) to read as follows:

21 (a) The tax officials shall appraise the property to which
22 this section applies and calculate taxes as on other property, but
23 if the tax so calculated exceeds the limitation imposed by this
24 section, the tax imposed is the amount of the tax as limited by this
25 section, except as otherwise provided by this section. A school
26 district may not increase the total annual amount of ad valorem tax
27 it imposes on the residence homestead of an individual 65 years of

1 age or older or on the residence homestead of an individual who is
2 disabled, as defined by Section 11.13, above the amount of the tax
3 it imposed in the first tax year in which the individual qualified
4 that residence homestead for the applicable exemption provided by
5 Section 11.13(c) for an individual who is 65 years of age or older
6 or is disabled. If the individual qualified that residence
7 homestead for the exemption after the beginning of that first year
8 and the residence homestead remains eligible for the same exemption
9 for the next year, and if the school district taxes imposed on the
10 residence homestead in the next year are less than the amount of
11 taxes imposed in that first year, a school district may not
12 subsequently increase the total annual amount of ad valorem taxes
13 it imposes on the residence homestead above the amount it imposed in
14 the year immediately following the first year for which the
15 individual qualified that residence homestead for the same
16 exemption, except as provided by Subsection (b). [~~If the first tax
17 year the individual qualified the residence homestead for the
18 exemption provided by Section 11.13(c) for individuals 65 years of
19 age or older was a tax year before the 1997 tax year, the amount of
20 the limitation provided by this section is the amount of tax the
21 school district imposed for the 1996 tax year less an amount equal
22 to the amount determined by multiplying \$10,000 times the tax rate
23 of the school district for the 1997 tax year, plus any 1997 tax
24 attributable to improvements made in 1996, other than improvements
25 made to comply with governmental regulations or repairs.]~~

26 (a-1) If the first tax year the individual qualified the
27 residence homestead for the applicable exemption provided by

1 Section 11.13(c) for individuals 65 years of age or older or
2 disabled was a tax year before the 1997 tax year, the amount of the
3 limitation on school district taxes provided by this section is the
4 amount of tax the school district imposed on the residence
5 homestead for the 2005 tax year less the sum of an amount equal to
6 the amount determined by multiplying \$10,000 times the tax rate of
7 the school district for the 1997 tax year and an amount equal to the
8 amount determined by multiplying \$25,000 times the tax rate of the
9 school district for the 2006 tax year, plus any 2006 tax
10 attributable to improvements made in 2005, other than improvements
11 made to comply with governmental regulations or repairs. If the
12 first tax year the individual qualified the residence homestead for
13 the applicable exemption provided by Section 11.13(c) for an
14 individual who is 65 years of age or older or disabled was a tax year
15 before the 2006 tax year but not before the 1997 tax year, the
16 amount of the limitation on school district taxes provided by this
17 section is the amount of tax the school district imposed on the
18 residence homestead for the 2005 tax year less an amount equal to
19 the amount determined by multiplying \$25,000 times the tax rate of
20 the school district for the 2006 tax year, plus any 2006 tax
21 attributable to improvements made in 2005, other than improvements
22 made to comply with governmental regulations or repairs.

23 SECTION 7. Section 11.251(i), Tax Code, is amended to read
24 as follows:

25 (i) The exemption provided by Subsection (b) does not apply
26 to a taxing unit that takes action to tax the property under Article
27 VIII, Section 1-j, Subsection (b), of the Texas Constitution. If

1 the property is located in a school district that taxes the property
2 in the tax year, the property is not exempt from state ad valorem
3 taxes imposed under Section 1-n, Article VIII, Texas Constitution,
4 in that tax year.

5 SECTION 8. Section 21.03(a), Tax Code, is amended to read as
6 follows:

7 (a) If personal property that is taxable by this state or a
8 taxing unit of this state is used continually outside this state,
9 whether regularly or irregularly, the appraisal office shall
10 allocate to this state the portion of the total market value of the
11 property that fairly reflects its use in this state.

12 SECTION 9. Section 21.031(a), Tax Code, is amended to read
13 as follows:

14 (a) If a vessel or other watercraft that is taxable by this
15 state or a taxing unit of this state is used continually outside
16 this state, whether regularly or irregularly, the appraisal office
17 shall allocate to this state the portion of the total market value
18 of the vessel or watercraft that fairly reflects its use in this
19 state. The appraisal office shall not allocate to this state the
20 portion of the total market value of the vessel or watercraft that
21 fairly reflects its use in another state or country, in
22 international waters, or beyond the Gulfward boundary of this
23 state.

24 SECTION 10. Section 22.28, Tax Code, is amended to read as
25 follows:

26 Sec. 22.28. PENALTY FOR DELINQUENT REPORT. (a) Except as
27 otherwise provided by Section 22.30, the chief appraiser shall

1 impose a penalty on a person who fails to timely file a rendition
2 statement or property report required by this chapter in an amount
3 equal to 10 percent of the total amount of taxes imposed on the
4 property for that year by the state, if the property has taxable
5 situs in the county for which the appraisal district is
6 established, and by the other taxing units participating in the
7 appraisal district.

8 (b) The chief appraiser may retain a portion of a penalty
9 collected under this section, not to exceed 20 percent of the amount
10 of the penalty, to cover the chief appraiser's costs of collecting
11 the penalty. The chief appraiser shall distribute the remainder of
12 the penalty to the state and each taxing unit participating in the
13 appraisal district that imposes taxes on the property in proportion
14 to the state's or the taxing unit's share of the total amount of
15 taxes imposed on the property by the state and all other taxing
16 units participating in the district used to determine the amount of
17 the penalty.

18 SECTION 11. Sections 22.29(a) and (d), Tax Code, are
19 amended to read as follows:

20 (a) The chief appraiser shall impose an additional penalty
21 on the person equal to 50 percent of the total amount of taxes
22 imposed on the property for the tax year of the statement or report
23 by the state, if the property has taxable situs in the county for
24 which the appraisal district is established, and by the other
25 taxing units participating in the appraisal district if it is
26 finally determined by a court that:

27 (1) the person filed a false statement or report with

1 the intent to commit fraud or to evade the tax; or

2 (2) the person alters, destroys, or conceals any
3 record, document, or thing, or presents to the chief appraiser any
4 altered or fraudulent record, document, or thing, or otherwise
5 engages in fraudulent conduct, for the purpose of affecting the
6 course or outcome of an inspection, investigation, determination,
7 or other proceeding before the appraisal district.

8 (d) The chief appraiser may retain a portion of a penalty
9 collected under this section, not to exceed 20 percent of the amount
10 of the penalty, to cover the chief appraiser's costs of collecting
11 the penalty. The chief appraiser shall distribute the remainder of
12 the penalty to the state and each taxing unit participating in the
13 appraisal district that imposes taxes on the property in proportion
14 to the state's or the taxing unit's share of the total amount of
15 taxes imposed on the property by the state and all other taxing
16 units participating in the district used to determine the amount of
17 the penalty.

18 SECTION 12. Section 23.46(d), Tax Code, is amended to read
19 as follows:

20 (d) A tax lien attaches to the land on the date the sale or
21 change of use occurs to secure payment of the additional tax and
22 interest imposed by Subsection (c) [~~of this section~~] and any
23 penalties incurred. The lien exists in favor of the state and all
24 other taxing units for which the additional tax is imposed.

25 SECTION 13. Section 23.55(b), Tax Code, is amended to read
26 as follows:

27 (b) A tax lien attaches to the land on the date the change of

1 use occurs to secure payment of the additional tax and interest
2 imposed by this section and any penalties incurred. The lien exists
3 in favor of the state and all other taxing units for which the
4 additional tax is imposed.

5 SECTION 14. Section 23.76(b), Tax Code, is amended to read
6 as follows:

7 (b) A tax lien attaches to the land on the date the change of
8 use occurs to secure payment of the additional tax and interest
9 imposed by this section and any penalties incurred. The lien exists
10 in favor of the state and all other taxing units for which the
11 additional tax is imposed.

12 SECTION 15. Section 23.86(b), Tax Code, is amended to read
13 as follows:

14 (b) A tax lien attaches to the land on the date the change of
15 use occurs or the deed restriction expires to secure payment of the
16 additional tax and interest imposed by this section and any
17 penalties incurred. The lien exists in favor of the state and all
18 other taxing units for which the additional tax is imposed.

19 SECTION 16. Section 23.96(b), Tax Code, is amended to read
20 as follows:

21 (b) A tax lien attaches to the property on the date the deed
22 restriction expires to secure payment of the additional tax and
23 interest imposed by this section and any penalties incurred. The
24 lien exists in favor of the state and all other taxing units for
25 which the additional tax is imposed.

26 SECTION 17. Section 23.9807(c), Tax Code, is amended to
27 read as follows:

1 (c) A tax lien attaches to the land on the date the change of
2 use occurs to secure payment of the additional tax and interest
3 imposed by this section and any penalties incurred. The lien exists
4 in favor of the state and all other taxing units for which the
5 additional tax is imposed.

6 SECTION 18. Section 25.19(b), Tax Code, as amended by
7 Chapters 1358 and 1517, Acts of the 76th Legislature, Regular
8 Session, 1999, is reenacted and amended to read as follows:

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

11 (1) a list of the taxing units other than the state in
12 which the property is taxable and, if the property is appraised by
13 the appraisal district for state taxation, a statement that the
14 property is subject to the state tax for education purposes;

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

17 (3) the taxable value of the property in the preceding
18 year for each taxing unit taxing the property and, if the property
19 is appraised by the appraisal district for state taxation, for
20 state taxation;

21 (4) the appraised value of the property for the
22 current year and the kind and amount of each partial exemption, if
23 any, approved for the current year;

24 (5) if the appraised value is greater than it was in
25 the preceding year, the amount of tax that would be imposed on the
26 property on the basis of the tax rate for each taxing unit other
27 than the state for the preceding year;

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

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

8 (8) the date and place the appraisal review board will
9 begin hearing protests; and

10 (9) a brief explanation that the governing body of
11 each local taxing unit decides whether [~~or not~~] taxes on the
12 property will increase and the appraisal district only determines
13 the value of the property.

14 SECTION 19. The heading to Section 26.01, Tax Code, is
15 amended to read as follows:

16 Sec. 26.01. SUBMISSION OF ROLLS TO STATE AND TAXING UNITS.

17 SECTION 20. Sections 26.01(a), (c), and (d), Tax Code, are
18 amended to read as follows:

19 (a) By July 25, the chief appraiser shall prepare and
20 certify to the assessor for each taxing unit participating in the
21 district that part of the appraisal roll for the district that lists
22 the property taxable by the unit. By that date the chief appraiser
23 shall prepare and certify to the comptroller that part of the
24 appraisal roll for the district that lists property taxable by the
25 state in the county for which the appraisal district is
26 established. The part certified to the assessor or the comptroller
27 is the appraisal roll for the taxing unit or the state. The chief

1 appraiser shall consult with the assessor for each taxing unit and
2 the comptroller and notify each taxing unit and the comptroller in
3 writing by April 1 of the form in which the roll will be provided to
4 each unit and to the comptroller.

5 (c) The chief appraiser shall prepare and certify to the
6 assessor for each taxing unit and to the comptroller a listing of
7 those properties which are taxable by that unit or the state, as
8 applicable, but that [~~which~~] are under protest and therefore not
9 included on the appraisal roll approved by the appraisal review
10 board and certified by the chief appraiser. This listing shall
11 include the appraised market value, productivity value (if
12 applicable), and taxable value as determined by the appraisal
13 district and shall also include the market value, taxable value,
14 and productivity value (if applicable) as claimed by the property
15 owner filing the protest if available. If the property owner does
16 not claim a value and the appraised value of the property in the
17 current year is equal to or less than its value in the preceding
18 year, the listing shall include a reasonable estimate of the market
19 value, taxable value, and productivity value (if applicable) that
20 would be assigned to the property if the taxpayer's claim is upheld.
21 If the property owner does not claim a value and the appraised value
22 of the property is higher than its appraised value in the preceding
23 year, the listing shall include the appraised market value,
24 productivity value (if applicable) and taxable value of the
25 property in the preceding year, except that if there is a reasonable
26 likelihood that the appraisal review board will approve a lower
27 appraised value for the property than its appraised value in the

1 preceding year, the chief appraiser shall make a reasonable
2 estimate of the taxable value that would be assigned to the property
3 if the property owner's claim is upheld. The taxing unit shall use
4 the lower value for calculations as prescribed in Sections 26.04
5 and 26.041 [~~of this code~~].

6 (d) The chief appraiser shall prepare and certify to the
7 assessor for each taxing unit and to the comptroller a list of those
8 properties of which the chief appraiser has knowledge that are
9 reasonably likely to be taxable by that unit or the state, as
10 applicable, but that are not included on the appraisal roll
11 certified to the assessor or the comptroller under Subsection (a)
12 or included on the listing certified to the assessor or the
13 comptroller under Subsection (c). The chief appraiser shall
14 include on the list for each property the market value, appraised
15 value, and kind and amount of any partial exemptions as determined
16 by the appraisal district for the preceding year and a reasonable
17 estimate of the market value, appraised value, and kind and amount
18 of any partial exemptions for the current year. Until the
19 property is added to the appraisal roll, the assessor for the taxing
20 unit shall include each property on the list in the calculations
21 prescribed by Sections 26.04 and 26.041, and for that purpose shall
22 use the lower market value, appraised value, or taxable value, as
23 appropriate, included on or computed using the information included
24 on the list for the property.

25 SECTION 21. Chapter 26, Tax Code, is amended by adding
26 Section 26.011 to read as follows:

27 Sec. 26.011. PROVISIONS NOT APPLICABLE TO STATE TAX.

1 Sections 26.04, 26.041, 26.05, 26.051, 26.06, 26.07, and 26.08 do
2 not apply to the state ad valorem tax or to the comptroller.

3 SECTION 22. Section 26.09(c), Tax Code, is amended to read
4 as follows:

5 (c) The tax is calculated by:

6 (1) subtracting from the appraised value of a property
7 as shown on the appraisal roll for a taxing [the] unit or the state
8 the amount of any partial exemption allowed the property owner that
9 applies to appraised value to determine taxable [net appraised]
10 value; and

11 ~~(2) [multiplying the net appraised value by the~~
12 ~~assessment ratio to determine assessed value;~~

13 ~~[(3) subtracting from the assessed value the amount of~~
14 ~~any partial exemption allowed the property owner to determine~~
15 ~~taxable value; and~~

16 ~~[(4)]~~ multiplying the taxable value by the applicable
17 tax rate.

18 SECTION 23. Section 26.12, Tax Code, is amended by adding
19 Subsection (e) to read as follows:

20 (e) For purposes of this section, the state is not a taxing
21 unit.

22 SECTION 24. Section 26.15(c), Tax Code, is amended to read
23 as follows:

24 (c) At any time, the governing body of a taxing unit, on
25 motion of the assessor for the unit or of a property owner, shall
26 direct by written order changes in the tax roll to correct errors in
27 the mathematical computation of a tax. The assessor shall enter the

1 corrections ordered by the governing body. The comptroller may
2 order changes in the state tax roll to correct errors in the
3 mathematical computation of the state tax.

4 SECTION 25. Section 31.11(a), Tax Code, is amended to read
5 as follows:

6 (a) If a taxpayer applies to the tax collector of a taxing
7 unit for a refund of an overpayment or erroneous payment of taxes
8 and the auditor for the unit or the comptroller in the case of the
9 state ad valorem tax determines that the payment was erroneous or
10 excessive, the tax collector shall refund the amount of the
11 excessive or erroneous payment from available current tax
12 collections or from funds appropriated by the unit for making
13 refunds. For taxes other than state ad valorem taxes [~~However~~], the
14 collector may not make the refund unless:

15 (1) in the case of a collector who collects taxes for
16 one taxing unit, the governing body of the taxing unit also
17 determines that the payment was erroneous or excessive and approves
18 the refund if the amount of the refund exceeds:

19 (A) \$2,500 for a refund to be paid by a county
20 with a population of 1.5 million or more; or

21 (B) \$500 for a refund to be paid by any other
22 taxing unit; or

23 (2) in the case of a collector who collects taxes for
24 more than one taxing unit, the governing body of the taxing unit
25 that employs the collector also determines that the payment was
26 erroneous or excessive and approves the refund if the amount of the
27 refund exceeds \$2,500.

1 SECTION 26. Sections 32.01(a) and (d), Tax Code, are
2 amended to read as follows:

3 (a) On January 1 of each year, a tax lien attaches to
4 property to secure the payment of all taxes, penalties, and
5 interest ultimately imposed for the year by the state or a taxing
6 unit on the property, whether or not the taxes are imposed in the
7 year the lien attaches. The lien to secure the payment of state ad
8 valorem taxes and applicable penalties and interest exists in favor
9 of the state. The lien to secure the payment of taxes imposed by a
10 taxing unit and applicable penalties and interest exists in favor
11 of the [~~each~~] taxing unit having power to tax the property.

12 (d) The lien under this section is perfected on attachment
13 and, except as provided by Section 32.03(b), perfection requires no
14 further action by the state or taxing unit.

15 SECTION 27. Section 33.01(a), Tax Code, is amended to read
16 as follows:

17 (a) A delinquent tax, including a delinquent state ad
18 valorem tax, incurs a penalty of six percent of the amount of the
19 tax for the first calendar month it is delinquent plus one percent
20 for each additional month or portion of a month the tax remains
21 unpaid prior to July 1 of the year in which it becomes delinquent.
22 However, a tax delinquent on July 1 incurs a total penalty of twelve
23 percent of the amount of the delinquent tax without regard to the
24 number of months the tax has been delinquent. A delinquent tax
25 continues to incur the penalty provided by this subsection as long
26 as the tax remains unpaid, regardless of whether a judgment for the
27 delinquent tax has been rendered.

1 SECTION 28. Subchapter A, Chapter 33, Tax Code, is amended
2 by adding Section 33.11 to read as follows:

3 Sec. 33.11. COLLECTION OF DELINQUENT STATE AD VALOREM
4 TAXES; PENALTY. (a) Except as provided by Subsection (b), the
5 attorney general shall represent the state to enforce the
6 collection of delinquent state ad valorem taxes. The attorney
7 general may delegate the attorney general's duties under this
8 subsection to a county or district attorney or may contract with a
9 private attorney for the performance of those duties.

10 (b) If the commissioners court of a county contracts with a
11 private attorney for the collection of delinquent county ad valorem
12 taxes, the contract applies to the collection of delinquent state
13 ad valorem taxes on property taxable in that county without further
14 action. The compensation of the private attorney for collecting
15 delinquent state ad valorem taxes is equal to a percentage of the
16 amount collected that represents the portion of that amount
17 attributable to the additional penalty provided by Subsection (c).
18 If the commissioners court of a county contracts with an official,
19 taxing unit, or political subdivision of this state for the
20 collection of the ad valorem taxes of the county that includes the
21 collection of delinquent county taxes, the contract applies to the
22 collection of delinquent state ad valorem taxes on property taxable
23 in that county without further action.

24 (c) State ad valorem taxes that remain delinquent on July 1
25 of the year in which they become delinquent incur an additional
26 penalty to defray costs of collection if the collection of the
27 delinquent taxes is covered by a contract with a private attorney

1 under Subsection (a) or (b). The amount of the penalty is 15
2 percent of the amount of the taxes, penalty, and interest due.

3 (d) A tax lien attaches in favor of the state to the property
4 on which the tax is imposed to secure payment of the penalty.

5 (e) The attorney general or the person responsible for
6 collecting the delinquent tax shall deliver a notice of delinquency
7 and of the penalty to the property owner at least 30 and not more
8 than 60 days before July 1.

9 (f) Sections 6.30, 33.07, and 33.08 do not apply to the
10 state ad valorem tax.

11 SECTION 29. Sections 33.21(a) and (b), Tax Code, are
12 amended to read as follows:

13 (a) A person's personal property is subject to seizure for
14 the payment of a delinquent tax, penalty, and interest the person
15 [he] owes the state or other [a] taxing unit on property.

16 (b) A person's personal property is subject to seizure for
17 the payment of a tax imposed by the state or other [a] taxing unit on
18 the person's [his] property before the tax becomes delinquent if:

19 (1) the collector discovers that property on which the
20 tax has been or will be imposed is about to be removed from the
21 county; and

22 (2) the collector knows of no other personal property
23 in the county from which the tax may be satisfied.

24 SECTION 30. Section 33.23(b), Tax Code, is amended to read
25 as follows:

26 (b) A bond may not be required of the state or other [a]
27 taxing unit for issuance or delivery of a tax warrant, and a fee or

1 court cost may not be charged for issuance or delivery of a warrant.

2 SECTION 31. Section 33.44(b), Tax Code, is amended to read
3 as follows:

4 (b) For purposes of joining a county, citation may be served
5 on the county [~~tax~~] assessor-collector. For purposes of joining
6 any other taxing unit, citation may be served on the officer charged
7 with collecting taxes for the unit or on the presiding officer or
8 secretary of the governing body of the unit. For purposes of
9 joining the state, citation shall be served on the county
10 assessor-collector. Citation may be served by certified mail,
11 return receipt requested. A person on whom service is authorized by
12 this subsection may waive the issuance and service of citation in
13 behalf of the person's [~~his~~] taxing unit.

14 SECTION 32. Section 34.04(b), Tax Code, is amended to read
15 as follows:

16 (b) A copy of the petition shall be served, in the manner
17 prescribed by Rule 21a, Texas Rules of Civil Procedure, as amended,
18 or that rule's successor, on all parties to the underlying action
19 not later than the 20th day before the date set for a hearing on the
20 petition. The attorney general represents the state at the hearing
21 unless the attorney general delegates that duty to the county or
22 district attorney.

23 SECTION 33. The heading to Chapter 41, Tax Code, is amended
24 to read as follows:

25 CHAPTER 41. ADMINISTRATIVE [~~LOCAL~~] REVIEW

26 SECTION 34. Section 41.03, Tax Code, is amended to read as
27 follows:

1 Sec. 41.03. CHALLENGE BY STATE OR TAXING UNIT. (a) The
2 state or another [A] taxing unit is entitled to challenge before the
3 appraisal review board:

4 (1) the level of appraisals of any category of
5 property in the district or in any territory in the district, but
6 not the appraised value of a single taxpayer's property;

7 (2) an exclusion of property from the appraisal
8 records;

9 (3) a grant in whole or in part of a partial exemption;

10 (4) a determination that land qualifies for appraisal
11 as provided by Subchapter C, D, E, or H, Chapter 23; or

12 (5) failure to identify the taxing unit as one in which
13 a particular property is taxable.

14 (b) If the state or other [a] taxing unit challenges a
15 determination that land qualifies for appraisal under Subchapter H,
16 Chapter 23, on the ground that the land is not located in an
17 aesthetic management zone, critical wildlife habitat zone, or
18 streamside management zone, the state or other taxing unit must
19 first seek a determination letter from the director of the Texas
20 Forest Service. The appraisal review board shall accept the letter
21 as conclusive proof of the type, size, and location of the zone.

22 SECTION 35. Subchapter A, Chapter 41, Tax Code, is amended
23 by adding Section 41.031 to read as follows:

24 Sec. 41.031. CHALLENGE BY COMPTROLLER. The comptroller is
25 entitled to challenge before the appraisal review board the
26 exclusion of property from the appraisal roll for state ad valorem
27 taxes.

1 SECTION 36. Section 41.06(a), Tax Code, is amended to read
2 as follows:

3 (a) The secretary of the appraisal review board shall
4 deliver to the comptroller and the presiding officer of the
5 governing body of each taxing unit entitled to appear at a challenge
6 hearing written notice of the date, time, and place fixed for the
7 hearing. The secretary shall deliver the notice not later than the
8 10th day before the date of the hearing.

9 SECTION 37. Section 41.07(d), Tax Code, is amended to read
10 as follows:

11 (d) The board shall deliver by certified mail a notice of
12 the issuance of the order and a copy of the order to the taxing unit.
13 If the order of the board excludes property from the appraisal roll
14 for state ad valorem taxes, the board shall also deliver a notice of
15 issuance and a copy of the order to the comptroller in the manner
16 prescribed by the comptroller.

17 SECTION 38. Section 41.47(d), Tax Code, is amended to read
18 as follows:

19 (d) The board shall deliver by certified mail a notice of
20 issuance of the order and a copy of the order to the property owner
21 and the chief appraiser. If the order of the board excludes
22 property from the appraisal roll for state ad valorem taxes, the
23 board shall also deliver a notice of issuance and a copy of the
24 order to the comptroller in the manner prescribed by the
25 comptroller.

26 SECTION 39. Subchapter A, Chapter 42, Tax Code, is amended
27 by adding Section 42.032 to read as follows:

1 Sec. 42.032. RIGHT OF APPEAL BY COMPTROLLER. (a) The
2 comptroller is entitled to appeal an order of the appraisal review
3 board excluding property from the appraisal roll for state ad
4 valorem taxes.

5 (b) The attorney general shall represent the comptroller in
6 an appeal under this section. The attorney general may delegate its
7 duties under this section to a county or district attorney or may
8 contract with a private attorney for the performance of those
9 duties.

10 SECTION 40. Sections 42.06(a) and (c), Tax Code, are
11 amended to read as follows:

12 (a) To exercise the party's right to appeal an order of an
13 appraisal review board, a party other than a property owner must
14 file written notice of appeal within 15 days after the date the
15 party receives the notice required by Section 41.47 or, in the case
16 of a taxing unit or the comptroller, by Section 41.07 that the order
17 appealed has been issued. To exercise the right to appeal an order
18 of the comptroller, a party other than a property owner must file
19 written notice of appeal within 15 days after the date the party
20 receives the comptroller's order. A property owner is not required
21 to file a notice of appeal under this section.

22 (c) If the chief appraiser, a taxing unit, ~~[or]~~ a county, or
23 the comptroller appeals~~[, the chief appraiser, if the appeal is of]~~
24 an order of the appraisal review board, the chief appraiser ~~[or the~~
25 ~~comptroller, if the appeal is of an order of the comptroller,~~] shall
26 deliver a copy of the notice to the property owner whose property is
27 involved in the appeal. If the appeal is of an order of the

1 comptroller, the comptroller shall deliver a copy of the notice to
2 the property owner. The chief appraiser or the comptroller shall
3 deliver the copy of the notice within 10 days after the date the
4 notice is filed.

5 SECTION 41. Sections 42.43(a), (b), and (c), Tax Code, are
6 amended to read as follows:

7 (a) If the final determination of an appeal that decreases a
8 property owner's tax liability occurs after the property owner has
9 paid the owner's ~~[his]~~ taxes, the taxing unit and the comptroller,
10 if the property is subject to the state ad valorem tax, shall refund
11 to the property owner the difference between the amount of taxes
12 paid and amount of taxes for which the property owner is liable.

13 (b) For a refund made under this section because an
14 exemption under Section 11.20 that was denied by the chief
15 appraiser or appraisal review board is granted, the taxing unit or
16 the comptroller shall include with the refund interest on the
17 amount refunded calculated at an annual rate that is equal to the
18 auction average rate quoted on a bank discount basis for
19 three-month treasury bills issued by the United States government,
20 as published by the Federal Reserve Board, for the week in which the
21 taxes became delinquent, but not more than 10 percent, calculated
22 from the delinquency date for the taxes until the date the refund is
23 made. For any other refund made under this section, the taxing unit
24 or the comptroller shall include with the refund interest on the
25 amount refunded at an annual rate of eight percent, calculated from
26 the delinquency date for the taxes until the date the refund is
27 made.

1 (c) Notwithstanding Subsection (b), if a taxing unit or the
2 comptroller does not make a refund, including interest, required by
3 this section before the 60th day after the date the chief appraiser
4 certifies a correction to the appraisal roll under Section 42.41,
5 the taxing unit or the comptroller shall include with the refund
6 interest on the amount refunded at an annual rate of 12 percent,
7 calculated from the delinquency date for the taxes until the date
8 the refund is made.

9 SECTION 42. Sections 43.01 and 43.04, Tax Code, are amended
10 to read as follows:

11 Sec. 43.01. AUTHORITY TO BRING SUIT. The comptroller or a
12 [A] taxing unit may sue the appraisal district that appraises
13 property for the state or the unit to compel the appraisal district
14 to comply with the provisions of this title, rules of the
15 comptroller, or other applicable law.

16 Sec. 43.04. SUIT TO COMPEL COMPLIANCE WITH DEADLINES. The
17 comptroller or the governing body of a taxing unit may sue the chief
18 appraiser or members of the appraisal review board, as applicable,
19 for failure to comply with the deadlines imposed by Section
20 25.22(a), 26.01(a), or 41.12. If the court finds that the chief
21 appraiser or appraisal review board failed to comply for good cause
22 shown, the court shall enter an order fixing a reasonable deadline
23 for compliance. If the court finds that the chief appraiser or
24 appraisal review board failed to comply without good cause, the
25 court shall enter an order requiring the chief appraiser or
26 appraisal review board to comply with the deadline not later than
27 the 10th day after the date the judgment is signed. In a suit

1 brought under this section, the court may enter any other order the
2 court considers necessary to ensure compliance with the court's
3 deadline or the applicable statutory requirements. Failure to obey
4 an order of the court is punishable as contempt.

5 SECTION 43. Section 42.2511(a), Education Code, is amended
6 to read as follows:

7 (a) Notwithstanding any other provision of this chapter, a
8 school district is entitled to additional state aid to the extent
9 that state aid under this chapter based on the determination of the
10 school district's taxable value of property as provided under
11 Subchapter M, Chapter 403, Government Code, does not fully
12 compensate the district for ad valorem tax revenue lost due to:

13 (1) the increase in the homestead exemption under
14 Section 1-b(c), Article VIII, Texas Constitution, as proposed by
15 H.J.R. No. 4, 75th Legislature, Regular Session, 1997, or as
16 proposed by the joint resolution to amend that section adopted by
17 the 79th Legislature, Regular Session, 2005; and

18 (2) the additional limitation on tax increases under
19 Section 1-b(d), Article VIII, Texas Constitution, as proposed by
20 H.J.R. No. 4, 75th Legislature, Regular Session, 1997, or as
21 proposed by the joint resolution to amend that section adopted by
22 the 79th Legislature, Regular Session, 2005.

23 SECTION 44. Section 403.302(j), Government Code, is amended
24 to read as follows:

25 (j) For purposes of Section 42.2511, Education Code, the
26 comptroller shall certify to the commissioner of education:

27 (1) a final value for each school district computed on

1 a residence homestead exemption under Section 1-b(c), Article VIII,
2 Texas Constitution, of \$5,000; [~~and~~]

3 (2) a final value for each school district computed
4 on:

5 (A) a residence homestead exemption under
6 Section 1-b(c), Article VIII, Texas Constitution, of \$15,000; and

7 (B) the effect of the additional limitation on
8 tax increases under Section 1-b(d), Article VIII, Texas
9 Constitution, as proposed by H.J.R. No. 4, 75th Legislature,
10 Regular Session, 1997; and

11 (3) a final value for each school district computed
12 on:

13 (A) a residence homestead exemption under
14 Section 1-b(c), Article VIII, Texas Constitution, of \$40,000; and

15 (B) the effect of the additional limitation on
16 tax increases under Section 1-b(d), Article VIII, Texas
17 Constitution, as proposed by the joint resolution to amend that
18 section adopted by the 79th Legislature, Regular Session, 2005.

19 SECTION 45. The changes in law made by this Act apply to
20 each tax year that begins on or after January 1, 2006. The changes
21 in law do not apply to a tax year that begins before January 1, 2006,
22 and the law as it existed before January 1, 2006, is continued in
23 effect for purposes of taxes imposed in that tax year.

24 SECTION 46. This Act takes effect January 1, 2006, but only
25 if the constitutional amendment proposed by the 79th Legislature,
26 Regular Session, 2005, imposing a state property tax for public
27 education, establishing a residence homestead exemption from the

1 state property tax, and increasing the amount of the school
2 district residence homestead property tax exemption is approved by
3 the voters. If that amendment is not approved by the voters, this
4 Act has no effect.