

By: Shapleigh

S.B. No. 951

A BILL TO BE ENTITLED

AN ACT

relating to the appraisal for ad valorem tax purposes of historic property.

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

SECTION 1. Chapter 23, Tax Code, is amended by adding Subchapter I to read as follows:

SUBCHAPTER I. APPRAISAL OF HISTORIC PROPERTY

Sec. 23.9851. DEFINITIONS. In this subchapter:

(1) "Historic property" means real property listed in a local register of historic places created by a comprehensive ordinance and certified by the secretary of the interior as provided by Pub. L. No. 96-515, real property listed in the National Register of Historic Places, or a structure and the land necessary for access to and use of the structure, if the structure is designated as a Recorded Texas Historic Landmark under Chapter 442, Government Code, by the Texas Historical Commission. The term does not include property listed in a register that is primarily for objects buried below ground.

(2) "Rehabilitation" means the process of returning property to a state of utility through repair or alteration so as to make possible an efficient contemporary use of the property while preserving those portions and features of the property that are significant to its architectural and cultural values.

Sec. 23.9852. APPRAISAL OF HISTORIC PROPERTY. A person is

1 entitled to have property the person owns appraised under this
2 subchapter for purposes of taxation by a taxing unit if:

3 (1) the property is historic property;

4 (2) the property is in a class of historic property
5 determined by the governing body of the taxing unit to be eligible
6 for appraisal under this subchapter;

7 (3) within 24 months before the date the owner applied
8 for appraisal of the property under this subchapter, the owner
9 rehabilitated the property at a cost equal to at least 25 percent of
10 the appraised value of the property, excluding the appraised value
11 of the land, for the tax year preceding the year in which the owner
12 began rehabilitating the property; and

13 (4) the owner has entered into an agreement with the
14 governing body of the taxing unit as described by Section 23.9854.

15 Sec. 23.9853. APPLICATION. (a) A person claiming that the
16 person's property is eligible for appraisal under this subchapter
17 must file an application with the chief appraiser.

18 (b) To be valid, the application must:

19 (1) be on a form provided by the appraisal office and
20 prescribed by the comptroller; and

21 (2) contain the information necessary to determine the
22 validity of the claim, including evidence that the property is
23 described by Sections 23.9852(1) and (2) and that the owner of the
24 property has complied with Section 23.9852(3).

25 (c) The application form must include a statement that the
26 applicant is aware of the potential tax liability involved when the
27 property ceases to be eligible for appraisal under this subchapter.

1 (d) The application must be filed not later than October 1
2 of the tax year preceding the first tax year for which the appraisal
3 of the property under this subchapter is sought.

4 Sec. 23.9854. FORWARDING OF APPLICATION TO TAXING UNIT;
5 AGREEMENT; ACTION ON APPLICATION. (a) Not later than the 10th day
6 after the date the application is filed, the chief appraiser shall
7 send a copy of the application to the governing body of each taxing
8 unit that taxes the property.

9 (b) The governing body of a taxing unit to which a copy of
10 the application is sent shall approve the application if:

11 (1) the property meets the criteria specified by
12 Sections 23.9852(1) and (2) and has not been altered in a way that
13 adversely affects the elements that qualify it as historically
14 significant;

15 (2) the owner of the property has complied with
16 Section 23.9852(3); and

17 (3) the owner of the property has entered into an
18 agreement with the governing body of the taxing unit that requires
19 the owner for the period for which the property is eligible to be
20 appraised under this subchapter to:

21 (A) monitor the property for its continued
22 qualification for appraisal under this subchapter;

23 (B) comply with any rehabilitation plans and
24 minimum standards of maintenance provided by the agreement;

25 (C) make the historically significant aspects of
26 the property accessible to public view at least one day a year, if
27 the property is not visible from the public right-of-way;

1 (D) obtain the taxing unit's approval of any
2 demolition or alteration; and

3 (E) comply with any other provisions of the
4 agreement as applicable.

5 (c) After an agreement under this section between an owner
6 of property and the governing body of a taxing unit takes effect,
7 the provisions of the agreement, including the provisions described
8 by Subsections (b)(3)(A)-(D), may not be changed during the period
9 in which the property is appraised under this subchapter without
10 the approval of all parties to the agreement.

11 (d) Not later than December 31 of the tax year in which the
12 chief appraiser sends an application for appraisal of property
13 under this subchapter to the governing body of a taxing unit that
14 has designated a class of historic property to be eligible for
15 appraisal under this subchapter, the governing body shall approve
16 or deny the application.

17 (e) The governing body of a taxing unit may require the
18 applicant to submit records for purposes of determining whether the
19 applicant's property qualifies for appraisal under this
20 subchapter.

21 Sec. 23.9855. NOTICE TO CHIEF APPRAISER AND APPLICANT OF
22 ACTION ON APPLICATION. (a) Not later than the 10th day after the
23 date the governing body of a taxing unit that has designated a class
24 of historic property to be eligible for appraisal under this
25 subchapter determines whether property qualifies for the
26 appraisal, the governing body shall notify the chief appraiser and
27 the applicant of the determination.

1 (b) The governing body of a taxing unit that has not
2 designated a class of historic property to be eligible for
3 appraisal under this subchapter shall promptly return to the chief
4 appraiser an application for appraisal of property under this
5 subchapter sent to the governing body and notify the chief
6 appraiser and the applicant that the governing body has not made
7 such a designation.

8 Sec. 23.9856. APPRAISAL OF PROPERTY. If the governing body
9 of a taxing unit notifies the chief appraiser that property
10 qualifies for appraisal under this subchapter, the chief appraiser
11 shall, for the first 10 tax years following the tax year in which
12 the application is approved, appraise the property for purposes of
13 taxation by the taxing unit by subtracting from the market value of
14 the property the actual cost of rehabilitating the property.

15 Sec. 23.9857. CESSATION OF QUALIFICATION FOR SPECIAL
16 APPRAISAL. (a) Property ceases to qualify for appraisal under this
17 subchapter before the date provided by Section 23.9856 if:

18 (1) the owner notifies the chief appraiser that the
19 owner does not want the property to be appraised under this
20 subchapter;

21 (2) the property is sold or otherwise transferred to
22 an owner who is entitled to an exemption of the property from
23 taxation; or

24 (3) the governing body of the taxing unit notifies the
25 chief appraiser that the property does not qualify for appraisal
26 under this subchapter because the property no longer qualifies as
27 historic property or the owner has failed to comply with the

1 conditions established under Section 23.9854.

2 (b) A transfer of ownership of the property does not
3 disqualify the property from appraisal under this subchapter if:

4 (1) the property continues to qualify as historic
5 property; and

6 (2) the new owner files a notice of compliance with the
7 chief appraiser on a form provided by the appraisal office and
8 prescribed by the comptroller.

9 (c) A notice under Subsection (b)(2) must contain a
10 statement that the new owner is aware that the property is appraised
11 under this subchapter and of the potential tax liability involved
12 when the property ceases to be appraised under this subchapter.

13 (d) If property ceases to qualify for appraisal under this
14 subchapter, the owner shall immediately notify the chief appraiser.

15 Sec. 23.9858. ADDITIONAL TAX. (a) If property that has
16 been appraised under this subchapter ceases to qualify for
17 appraisal under this subchapter before the expiration of the period
18 provided by Section 23.9856, an additional tax is imposed on the
19 property by each taxing unit for which the property was appraised
20 under this subchapter equal to the difference between the taxes
21 imposed by the taxing unit on the property for each year preceding
22 the year in which the property ceased to qualify for appraisal under
23 this subchapter and the tax that would have been imposed by the
24 taxing unit had the property been taxed on the basis of market value
25 in each of those years, plus interest at an annual rate of seven
26 percent calculated from the dates on which the differences would
27 have become due.

1 (b) A tax lien attaches to the property on the date the
2 property ceases to qualify for appraisal under this subchapter to
3 secure payment of the additional tax and interest imposed by this
4 section and any penalties incurred. The lien exists in favor of
5 each taxing unit for which the additional tax is imposed.

6 (c) The additional tax imposed by this section does not
7 apply to a year for which the tax has already been imposed.

8 (d) A determination that property has ceased to qualify for
9 appraisal under this subchapter is made by the chief appraiser. The
10 chief appraiser shall deliver a notice of the determination to the
11 owner of the property as soon as possible after making the
12 determination and shall include in the notice an explanation of the
13 owner's right to protest the determination. If the owner does not
14 file a timely protest or if the final determination of the protest
15 is that the additional taxes are due, the assessor for each taxing
16 unit for which the property was appraised under this subchapter
17 shall prepare and deliver a bill for the additional taxes plus
18 interest as soon as practicable. The taxes and interest are due and
19 become delinquent and incur penalties and interest as provided by
20 law for ad valorem taxes imposed by the taxing unit if not paid
21 before the next February 1 that is at least 20 days after the date
22 the bill is delivered to the owner of the property.

23 (e) The sanctions provided by Subsection (a) do not apply if
24 property ceases to qualify for appraisal under this subchapter as a
25 result of:

26 (1) a sale or other transfer of ownership of the
27 property to an owner who is entitled to an exemption of the property

1 from taxation;

2 (2) alteration or destruction of the property through
3 no fault of the owner; or

4 (3) a condemnation.

5 Sec. 23.9859. ASSISTANCE OF STATE HISTORIC PRESERVATION
6 OFFICER. The governing body of a taxing unit may request the
7 assistance of the state historic preservation officer in conducting
8 activities under this subchapter.

9 Sec. 23.9860. RULES. The Texas Historical Commission shall
10 adopt rules as necessary to be used by appraisal districts and
11 taxing units in implementing this subchapter. The rules must
12 include rehabilitation and maintenance standards for historic
13 properties to be used by taxing units as minimum requirements for
14 ensuring that a historic property is safe and habitable, including:

15 (1) elimination of visual blight because of past
16 neglect of maintenance and repair to the exterior of the building,
17 including replacement of broken or missing doors and windows,
18 repair of deteriorated architectural features, and painting of
19 exterior surfaces;

20 (2) correction of structural defects and hazards;

21 (3) protection from weather damage because of
22 defective roofing, flashing, glazing, caulking, or lack of heat;
23 and

24 (4) elimination of any condition on the premises that
25 could cause or augment a fire or explosion.

26 SECTION 2. Section 25.02(a), Tax Code, is amended to read as
27 follows:

1 (a) The appraisal records shall be in the form prescribed by
2 the comptroller and shall include:

3 (1) the name and address of the owner or, if the name
4 or address is unknown, a statement that it is unknown;

5 (2) real property;

6 (3) separately taxable estates or interests in real
7 property, including taxable possessory interests in exempt real
8 property;

9 (4) personal property;

10 (5) the appraised value of land and, if the land is
11 appraised as provided by Subchapter C, D, E, or H, Chapter 23, the
12 market value of the land;

13 (6) the appraised value of improvements to land;

14 (7) the appraised value of a separately taxable estate
15 or interest in land;

16 (8) the appraised value of personal property;

17 (9) the kind of any partial exemption the owner is
18 entitled to receive, whether the exemption applies to appraised or
19 assessed value, and, in the case of an exemption authorized by
20 Section 11.23, the amount of the exemption;

21 (10) the appraised and market value of property
22 appraised under Subchapter I, Chapter 23;

23 (11) the tax year to which the appraisal applies; and

24 (12) [~~11~~] an identification of each taxing unit in
25 which the property is taxable.

26 SECTION 3. Section 25.22(a), Tax Code, is amended to read as
27 follows:

1 (a) By May 15 or as soon thereafter as practicable, the
2 chief appraiser shall submit the completed appraisal records to the
3 appraisal review board for review and determination of protests.
4 However, the chief appraiser may not submit the records until the
5 chief appraiser has delivered the notices required by Subsection
6 (d) of Section 11.45, Subsection (d) of Section 23.44, Subsection
7 (d) of Section 23.57, Subsection (d) of Section 23.79, Subsection
8 (d) of Section 23.85, Subsection (d) of Section 23.95, Subsection
9 (d) of Section 23.9805, and Section 25.19, and each taxing unit has
10 delivered the notice required by Section 23.9855.

11 SECTION 4. Section 31.01(c), Tax Code, is amended to read as
12 follows:

13 (c) The tax bill or a separate statement accompanying the
14 tax bill shall:

15 (1) identify the property subject to the tax;

16 (2) state the appraised value, assessed value, and
17 taxable value of the property;

18 (3) if the property is land appraised as provided by
19 Subchapter C, D, E, or H, Chapter 23, or is historic property
20 appraised as provided by Subchapter I, Chapter 23, state the market
21 value and the taxable value for purposes of deferred or additional
22 taxation as provided by Section 23.46, 23.55, 23.76, [~~or~~] 23.9807,
23 or 23.9858, as applicable;

24 (4) state the assessment ratio for the unit;

25 (5) state the type and amount of any partial exemption
26 applicable to the property, indicating whether it applies to
27 appraised or assessed value;

- 1 (6) state the total tax rate for the unit;
- 2 (7) state the amount of tax due, the due date, and the
3 delinquency date;
- 4 (8) explain the payment option and discounts provided
5 by Sections 31.03 and 31.05, if available to the unit's taxpayers,
6 and state the date on which each of the discount periods provided by
7 Section 31.05 concludes, if the discounts are available;
- 8 (9) state the rates of penalty and interest imposed
9 for delinquent payment of the tax;
- 10 (10) include the name and telephone number of the
11 assessor for the unit and, if different, of the collector for the
12 unit;
- 13 (11) for real property, state for the current tax year
14 and each of the preceding five tax years:
 - 15 (A) the appraised value and taxable value of the
16 property;
 - 17 (B) the total tax rate for the unit;
 - 18 (C) the amount of taxes imposed on the property
19 by the unit; and
 - 20 (D) the difference, expressed as a percent
21 increase or decrease, as applicable, in the amount of taxes imposed
22 on the property by the unit compared to the amount imposed for the
23 preceding tax year; and
- 24 (12) for real property, state the differences,
25 expressed as a percent increase or decrease, as applicable, in the
26 following for the current tax year as compared to the fifth tax year
27 before that tax year:

1 (A) the appraised value and taxable value of the
2 property;

3 (B) the total tax rate for the unit; and

4 (C) the amount of taxes imposed on the property
5 by the unit.

6 SECTION 5. Section 41.01(a), Tax Code, is amended to read as
7 follows:

8 (a) The appraisal review board shall:

9 (1) determine protests initiated by property owners;

10 (2) determine challenges initiated by taxing units;

11 (3) correct clerical errors in the appraisal records
12 and the appraisal rolls;

13 (4) act on motions to correct appraisal rolls under
14 Section 25.25;

15 (5) determine whether an exemption or a partial
16 exemption is improperly granted, ~~and~~ whether land is improperly
17 granted appraisal as provided by Subchapter C, D, E, or H, Chapter
18 23, and whether property is improperly granted appraisal as
19 provided by Subchapter I, Chapter 23; and

20 (6) take any other action or make any other
21 determination that this title specifically authorizes or requires.

22 SECTION 6. Section 41.41(a), Tax Code, is amended to read as
23 follows:

24 (a) A property owner is entitled to protest before the
25 appraisal review board the following actions:

26 (1) determination of the appraised value of the
27 owner's property or, in the case of land appraised as provided by

1 Subchapter C, D, E, or H, Chapter 23, or property appraised as
2 provided by Subchapter I, Chapter 23, determination of its
3 appraised or market value;

4 (2) unequal appraisal of the owner's property;

5 (3) inclusion of the owner's property on the appraisal
6 records;

7 (4) denial to the property owner in whole or in part of
8 a partial exemption;

9 (5) determination that the owner's land does not
10 qualify for appraisal as provided by Subchapter C, D, E, or H,
11 Chapter 23, or that the owner's property does not qualify for
12 appraisal as provided by Subchapter I, Chapter 23;

13 (6) identification of the taxing units in which the
14 owner's property is taxable in the case of the appraisal district's
15 appraisal roll;

16 (7) determination that the property owner is the owner
17 of property;

18 (8) a determination that a change in use of land
19 appraised under Subchapter C, D, E, or H, Chapter 23, has occurred
20 or that property has ceased to be eligible for appraisal under
21 Subchapter I, Chapter 23; or

22 (9) any other action of the chief appraiser, appraisal
23 district, or appraisal review board that applies to and adversely
24 affects the property owner.

25 SECTION 7. Section 41.44(a), Tax Code, is amended to read as
26 follows:

27 (a) Except as provided by Subsections (b), (b-1), (c),

1 (c-1), and (c-2), to be entitled to a hearing and determination of a
2 protest, the property owner initiating the protest must file a
3 written notice of the protest with the appraisal review board
4 having authority to hear the matter protested:

5 (1) before May 1 or not later than the 30th day after
6 the date that notice to the property owner was delivered to the
7 property owner as provided by Section 25.19, if the property is a
8 single-family residence that qualifies for an exemption under
9 Section 11.13, whichever is later;

10 (2) before June 1 or not later than the 30th day after
11 the date that notice was delivered to the property owner as provided
12 by Section 25.19 in connection with any other property, whichever
13 is later;

14 (3) in the case of a protest of a change in the
15 appraisal records ordered as provided by Subchapter A of this
16 chapter or by Chapter 25, not later than the 30th day after the date
17 notice of the change is delivered to the property owner; ~~or~~

18 (4) in the case of a determination that a change in the
19 use of land appraised under Subchapter C, D, E, or H, Chapter 23,
20 has occurred, not later than the 30th day after the date the notice
21 of the determination is delivered to the property owner; or

22 (5) in the case of a determination that property has
23 ceased to be eligible for appraisal under Subchapter I, Chapter 23,
24 not later than the 30th day after the date the notice of the
25 determination is delivered to the property owner.

26 SECTION 8. Section 403.302(d), Government Code, is amended
27 to read as follows:

1 (d) For the purposes of this section, "taxable value" means
2 the market value of all taxable property less:

3 (1) the total dollar amount of any residence homestead
4 exemptions lawfully granted under Section 11.13(b) or (c), Tax
5 Code, in the year that is the subject of the study for each school
6 district;

7 (2) one-half of the total dollar amount of any
8 residence homestead exemptions granted under Section 11.13(n), Tax
9 Code, in the year that is the subject of the study for each school
10 district;

11 (3) the total dollar amount of any exemptions granted
12 before May 31, 1993, within a reinvestment zone under agreements
13 authorized by Chapter 312, Tax Code;

14 (4) subject to Subsection (e), the total dollar amount
15 of any captured appraised value of property that:

16 (A) is within a reinvestment zone created on or
17 before May 31, 1999, or is proposed to be included within the
18 boundaries of a reinvestment zone as the boundaries of the zone and
19 the proposed portion of tax increment paid into the tax increment
20 fund by a school district are described in a written notification
21 provided by the municipality or the board of directors of the zone
22 to the governing bodies of the other taxing units in the manner
23 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
24 within the boundaries of the zone as those boundaries existed on
25 September 1, 1999, including subsequent improvements to the
26 property regardless of when made;

27 (B) generates taxes paid into a tax increment

1 fund created under Chapter 311, Tax Code, under a reinvestment zone
2 financing plan approved under Section 311.011(d), Tax Code, on or
3 before September 1, 1999; and

4 (C) is eligible for tax increment financing under
5 Chapter 311, Tax Code;

6 (5) for a school district for which a deduction from
7 taxable value is made under Subdivision (4), an amount equal to the
8 taxable value required to generate revenue when taxed at the school
9 district's current tax rate in an amount that, when added to the
10 taxes of the district paid into a tax increment fund as described by
11 Subdivision (4)(B), is equal to the total amount of taxes the
12 district would have paid into the tax increment fund if the district
13 levied taxes at the rate the district levied in 2005;

14 (6) the total dollar amount of any captured appraised
15 value of property that:

16 (A) is within a reinvestment zone:

17 (i) created on or before December 31, 2008,
18 by a municipality with a population of less than 18,000; and

19 (ii) the project plan for which includes
20 the alteration, remodeling, repair, or reconstruction of a
21 structure that is included on the National Register of Historic
22 Places and requires that a portion of the tax increment of the zone
23 be used for the improvement or construction of related facilities
24 or for affordable housing;

25 (B) generates school district taxes that are paid
26 into a tax increment fund created under Chapter 311, Tax Code; and

27 (C) is eligible for tax increment financing under

1 Chapter 311, Tax Code;

2 (7) the total dollar amount of any exemptions granted
3 under Section 11.251 or 11.253, Tax Code;

4 (8) the difference between the comptroller's estimate
5 of the market value and the productivity value of land that
6 qualifies for appraisal on the basis of its productive capacity,
7 except that the productivity value estimated by the comptroller may
8 not exceed the fair market value of the land;

9 (9) the portion of the appraised value of residence
10 homesteads of individuals who receive a tax limitation under
11 Section 11.26, Tax Code, on which school district taxes are not
12 imposed in the year that is the subject of the study, calculated as
13 if the residence homesteads were appraised at the full value
14 required by law;

15 (10) a portion of the market value of property not
16 otherwise fully taxable by the district at market value because of:

17 (A) action required by statute or the
18 constitution of this state that, if the tax rate adopted by the
19 district is applied to it, produces an amount equal to the
20 difference between the tax that the district would have imposed on
21 the property if the property were fully taxable at market value and
22 the tax that the district is actually authorized to impose on the
23 property, if this subsection does not otherwise require that
24 portion to be deducted; or

25 (B) action taken by the district under Subchapter
26 B or C, Chapter 313, Tax Code;

27 (11) the market value of all tangible personal

1 property, other than manufactured homes, owned by a family or
2 individual and not held or used for the production of income;

3 (12) the appraised value of property the collection of
4 delinquent taxes on which is deferred under Section 33.06, Tax
5 Code;

6 (13) the portion of the appraised value of property
7 the collection of delinquent taxes on which is deferred under
8 Section 33.065, Tax Code; ~~and~~

9 (14) the amount by which the market value of a
10 residence homestead to which Section 23.23, Tax Code, applies
11 exceeds the appraised value of that property as calculated under
12 that section; and

13 (15) the amount by which the market value of property
14 appraised under Subchapter I, Chapter 23, Tax Code, exceeds the
15 appraised value of that property as calculated under that
16 subchapter.

17 SECTION 9. This Act applies only to ad valorem taxes imposed
18 for a tax year beginning on or after the effective date of this Act.

19 SECTION 10. This Act takes effect January 1, 2010.