

By: Walle

H.B. No. 3242

A BILL TO BE ENTITLED

AN ACT

relating to ad valorem tax protests and appeals on the ground of the unequal appraisal of property.

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

SECTION 1. Section 41.43, Tax Code, is amended by amending Subsection (b) and adding Subsections (e) and (f) to read as follows:

(b) A protest on the ground of unequal appraisal of property shall be determined in favor of the protesting party unless the appraisal district establishes that:

(1) the appraisal ratio of the property is equal to or less than the median level of appraisal of a reasonable and representative sample of other properties in the appraisal district;

(2) the appraisal ratio of the property is equal to or less than the median level of appraisal of a sample of properties in the appraisal district consisting of a reasonable number of other properties similarly situated to, or of the same general kind or character as, the property subject to the protest; or

(3) the appraisal ratio [~~appraised value~~] of the property is equal to or less than the median level of appraisal [~~appraised value~~] of a reasonable number of comparable properties in the appraisal district [~~appropriately adjusted~~].

(e) For the purpose of Subsection (b)(3):

1           (1) a person making a determination that property is  
2 comparable to another property must base the determination on the  
3 similarity of the properties with regard to the characteristics  
4 described by Section 23.013(d); and

5           (2) a person calculating the median level of appraisal  
6 of comparable properties must base the calculation on the appraised  
7 value of each comparable property as shown in the appraisal records  
8 submitted to the appraisal review board by the chief appraiser  
9 under Section 25.22 or 25.23.

10          (f) The comptroller shall by rule establish standards for  
11 the development and calibration of adjustments for industrial,  
12 petrochemical refining and processing, and utility properties and  
13 other unique properties.

14          SECTION 2. Section 42.26, Tax Code, is amended by amending  
15 Subsections (a) and (b) and adding Subsections (e) and (f) to read  
16 as follows:

17          (a) The district court shall grant relief on the ground that  
18 a property is appraised unequally if:

19               (1) the appraisal ratio of the property exceeds by at  
20 least 10 percent the median level of appraisal of a reasonable and  
21 representative sample of other properties in the appraisal  
22 district;

23               (2) the appraisal ratio of the property exceeds by at  
24 least 10 percent the median level of appraisal of a sample of  
25 properties in the appraisal district consisting of a reasonable  
26 number of other properties similarly situated to, or of the same  
27 general kind or character as, the property subject to the appeal; or

1           (3) the appraisal ratio [~~appraised value~~] of the  
2 property exceeds by at least 10 percent the median level of  
3 appraisal [~~appraised value~~] of a reasonable number of comparable  
4 properties in the appraisal district [~~appropriately adjusted~~].

5           (b) If a property owner is entitled to relief under a  
6 subdivision of Subsection (a) [~~(a)(1)~~], the court shall order the  
7 property's appraised value changed to the value as calculated on  
8 the basis of the median level of appraisal according to that  
9 subdivision [~~Subsection (a)(1). If a property owner is entitled to~~  
10 ~~relief under Subsection (a)(2), the court shall order the~~  
11 ~~property's appraised value changed to the value calculated on the~~  
12 ~~basis of the median level of appraisal according to Subsection~~  
13 ~~(a)(2). If a property owner is entitled to relief under Subsection~~  
14 ~~(a)(3), the court shall order the property's appraised value~~  
15 ~~changed to the value calculated on the basis of the median appraised~~  
16 ~~value according to Subsection (a)(3)]]. If a property owner is  
17 entitled to relief under more than one subdivision of Subsection  
18 (a), the court shall order the property's appraised value changed  
19 to the value that results in the lowest appraised value. The court  
20 shall determine each applicable median level of appraisal [~~or~~  
21 ~~median appraised value~~] according to law, and is not required to  
22 adopt the median level of appraisal [~~or median appraised value~~]  
23 proposed by a party to the appeal. The court may not limit or deny  
24 relief to the property owner entitled to relief under a subdivision  
25 of Subsection (a) because the appraised value determined according  
26 to another subdivision of Subsection (a) results in a higher  
27 appraised value.~~

1 (e) For the purpose of Subsection (a)(3):

2 (1) a person making a determination that property is  
3 comparable to another property must base the determination on the  
4 similarity of the properties with regard to the characteristics  
5 described by Section 23.013(d); and

6 (2) a person calculating the median level of appraisal  
7 of comparable properties must base the calculation on the appraised  
8 value of each comparable property as shown in the appraisal records  
9 certified by the chief appraiser under Section 26.01.

10 (f) The comptroller shall by rule establish standards for  
11 the development and calibration of adjustments for industrial,  
12 petrochemical refining and processing, and utility properties and  
13 other unique properties.

14 SECTION 3. Section 42.29, Tax Code, is amended by amending  
15 Subsection (b) and adding Subsection (c) to read as follows:

16 (b) Notwithstanding Subsection (a), the amount of an award  
17 of attorney's fees to a property owner may not exceed the lesser of:

18 (1) \$100,000; or

19 (2) the total amount by which the property owner's tax  
20 liability is reduced as a result of the appeal.

21 (c) An appraisal district, an appraisal review board, or a  
22 chief appraiser that prevails in an appeal under Section 42.26 may  
23 be awarded reasonable attorney's fees. The amount of the award may  
24 not exceed \$15,000.

25 SECTION 4. Not later than January 1, 2016, the comptroller  
26 shall establish the standards required by Sections 41.43(f) and  
27 42.26(f), Tax Code, as added by this Act.

1           SECTION 5. Section 41.43, Tax Code, as amended by this Act,  
2 applies only to a protest under Chapter 41, Tax Code, for which a  
3 notice of protest is filed on or after the effective date of this  
4 Act. A protest under Chapter 41, Tax Code, for which a notice of  
5 protest was filed before the effective date of this Act is governed  
6 by the law in effect on the date the notice of protest was filed, and  
7 the former law is continued in effect for that purpose.

8           SECTION 6. Sections 42.26 and 42.29, Tax Code, as amended by  
9 this Act, apply only to an appeal under Chapter 42, Tax Code, for  
10 which a petition for review is filed on or after the effective date  
11 of this Act. An appeal under Chapter 42, Tax Code, for which a  
12 petition for review was filed before the effective date of this Act  
13 is governed by the law in effect on the date the petition for review  
14 was filed, and the former law is continued in effect for that  
15 purpose.

16           SECTION 7. This Act takes effect September 1, 2015.