

By: Zerwas

H.B. No. 934

A BILL TO BE ENTITLED

AN ACT

relating to ad valorem taxation.

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

SECTION 1. Chapter 5, Tax Code, is amended by adding Sections 5.01 and 5.02 to read as follows:

Sec. 5.01. PROPERTY TAX ADMINISTRATION ADVISORY BOARD. (a)

The comptroller shall appoint the property tax administration advisory board to advise the comptroller with respect to the division or divisions within the office of the comptroller with primary responsibility for state administration of property taxation and state oversight of appraisal districts and local tax offices. The advisory board shall make recommendations to the comptroller regarding:

(1) proposed property tax rules and prescribed procedures and forms;

(2) minimum standards for the administration and operation of an appraisal district;

(3) minimum standards for the administration and operation of a local tax office;

(4) appointment of the director, managers, and other executive staff of the division or divisions within the office of the comptroller with primary responsibility for state administration of property taxation and state oversight of appraisal districts and local tax offices;

1           (5) property tax publications, guidelines, and  
2 communications;

3           (6) property value studies for school districts and  
4 ratio studies for appraisal districts;

5           (7) reviews of appraisal districts and appraisal  
6 review boards;

7           (8) computer hardware and software needs for:

8                 (A) the division or divisions within the office  
9 of the comptroller with primary responsibility for state  
10 administration of property taxation and state oversight of  
11 appraisal districts and local tax offices;

12                 (B) appraisal districts; and

13                 (C) local tax offices; and

14           (9) other property tax operational matters.

15           (b) The advisory board is composed of six members appointed  
16 by the comptroller with the advice of the governor, lieutenant  
17 governor, and speaker of the house of representatives. Board  
18 members serve at the pleasure of the comptroller.

19           (c) The members of the advisory board must have knowledge of  
20 or experience in property tax administration, appraisal, or law.

21           (d) Appointments to the advisory board shall be made without  
22 regard to the race, color, disability, gender, religion, age, or  
23 national origin of appointees.

24           (e) Each member of the advisory board must be a resident of  
25 this state.

26           (f) An elected official may not serve on the advisory board.

27           (g) The advisory board is governed exclusively by this

1 chapter.

2 (h) The comptroller's staff shall provide assistance to the  
3 advisory board in performing its duties.

4 Sec. 5.02. RESTRICTIONS ON ADVISORY BOARD MEMBERSHIP. A  
5 person is not eligible to serve on the property tax administration  
6 advisory board if the person or the person's spouse:

7 (1) is employed by or contracts with the comptroller,  
8 an appraisal district, or a taxing unit;

9 (2) owns or controls, directly or indirectly, more  
10 than a 10 percent interest in a business entity or other  
11 organization receiving money from the comptroller, an appraisal  
12 district, or a taxing unit; or

13 (3) receives money from a business entity or other  
14 organization receiving money from the comptroller, an appraisal  
15 district, or a taxing unit in an amount that exceeds five percent of  
16 the person's gross income for the preceding calendar year.

17 SECTION 2. Section 5.05, Tax Code, is amended by adding  
18 Subsection (c-1) to read as follows:

19 (c-1) An appraisal district shall appraise property in  
20 accordance with any appraisal manuals prepared and issued by the  
21 comptroller under this section.

22 SECTION 3. Sections 5.102(a) and (c), Tax Code, are amended  
23 to read as follows:

24 (a) At least once every two years, the comptroller shall  
25 review the governance of each appraisal district, taxpayer  
26 assistance provided, and the operating and appraisal standards,  
27 procedures, and methodology used by each appraisal district, to

1 determine compliance with generally accepted standards,  
2 procedures, and methodology, including compliance with standards,  
3 procedures, and methodology prescribed by appraisal manuals  
4 prepared and issued by the comptroller. After consultation with  
5 the property tax administration advisory board [~~committee created~~  
6 ~~under Section 403.302, Government Code~~], the comptroller by rule  
7 may establish procedures and standards for conducting and scoring  
8 the review.

9 (c) At the conclusion of the review, the comptroller shall,  
10 in writing, notify the appraisal district concerning its  
11 performance in the review. If the review results in a finding that  
12 an appraisal district is not in compliance with generally accepted  
13 standards, procedures, and methodology, including compliance with  
14 standards, procedures, and methodology prescribed by appraisal  
15 manuals prepared and issued by the comptroller, the comptroller  
16 shall deliver a report that details the comptroller's findings and  
17 recommendations for improvement to:

18 (1) the appraisal district's chief appraiser and board  
19 of directors; and

20 (2) the superintendent and board of trustees of each  
21 school district participating in the appraisal district.

22 SECTION 4. Section 5.13(d), Tax Code, is amended to read as  
23 follows:

24 (d) In conducting a general audit, the comptroller shall  
25 consider and report on:

26 (1) the extent to which the district complies with  
27 applicable law or generally accepted standards of appraisal or

1 other relevant practice, including appraisal standards and  
2 practices prescribed by appraisal manuals prepared and issued by  
3 the comptroller;

4 (2) the uniformity and level of appraisal of major  
5 kinds of property and the cause of any significant deviations from  
6 ideal uniformity and equality of appraisal of major kinds of  
7 property;

8 (3) duplication of effort and efficiency of operation;

9 (4) the general efficiency, quality of service, and  
10 qualification of appraisal district personnel; and

11 (5) except as otherwise provided by Subsection (b) [~~of~~  
12 ~~this section~~], any other matter included in the request for the  
13 audit.

14 SECTION 5. Section 6.03(a), Tax Code, is amended to read as  
15 follows:

16 (a) The appraisal district is governed by a board of  
17 directors. Five directors are appointed by the taxing units that  
18 participate in the district as provided by this section. If the  
19 county assessor-collector is not appointed to the board, the county  
20 assessor-collector serves as a nonvoting director. The county  
21 assessor-collector is ineligible to serve if the board enters into  
22 a contract under Section 6.05(b) or if the commissioners court of  
23 the county enters into a contract under Section 6.24(b). To be  
24 eligible to serve on the board of directors, an individual other  
25 than a county assessor-collector serving as a nonvoting director  
26 must:

27 (1) be a resident of the district;

1           (2) [~~and must~~] have resided in the district for at  
2 least two years immediately preceding the date the individual takes  
3 office; and

4           (3) be an elected county officer or an elected  
5 official of a political subdivision all or part of the territory of  
6 which is located in the county. [~~An individual who is otherwise~~  
7 ~~eligible to serve on the board is not ineligible because of~~  
8 ~~membership on the governing body of a taxing unit. An employee of a~~  
9 ~~taxing unit that participates in the district is not eligible to~~  
10 ~~serve on the board unless the individual is also a member of the~~  
11 ~~governing body or an elected official of a taxing unit that~~  
12 ~~participates in the district.~~]

13           SECTION 6. Section 6.41, Tax Code, is amended by amending  
14 Subsections (b) and (d-9) and adding Subsections (b-1), (b-2), and  
15 (d-10) to read as follows:

16           (b) Except as provided by Subsection (b-1) or (b-2), an  
17 appraisal review [~~The~~] board consists of three members.

18           (b-1) An appraisal [~~However, the~~] district board of  
19 directors by resolution of a majority of the board's [~~its~~] members  
20 may increase the size of the district's appraisal review board to  
21 the number of members the board of directors considers appropriate.

22           (b-2) An appraisal district board of directors for a  
23 district established in a county described by Subsection (d-1) by  
24 resolution of a majority of the board's members shall increase the  
25 size of the district's appraisal review board to the number of  
26 members the board of directors considers appropriate to manage the  
27 duties of the appraisal review board, including the duties of each

1 special panel established under Section 6.425.

2 (d-9) In selecting individuals who are to serve as members  
3 of the appraisal review board, the local administrative district  
4 judge shall select an adequate number of qualified individuals to  
5 permit the chairman of the appraisal review board to fill the  
6 positions on each special panel established under Section 6.425.

7 (d-10) Upon selection of the individuals who are to serve as  
8 members of the appraisal review board, the local administrative  
9 district judge shall enter an appropriate order designating such  
10 members and setting each member's respective term of office, as  
11 provided elsewhere in this section.

12 SECTION 7. Section 6.414(d), Tax Code, is amended to read as  
13 follows:

14 (d) An auxiliary board member may hear taxpayer protests  
15 before the appraisal review board. An auxiliary board member may  
16 not hear taxpayer protests before a special panel established under  
17 Section 6.425 unless the member is eligible to be appointed to the  
18 special panel. If one or more auxiliary board members sit on a panel  
19 established under Section 6.425 or 41.45 to conduct a protest  
20 hearing, the number of regular appraisal review board members  
21 required by that section to constitute the panel is reduced by the  
22 number of auxiliary board members sitting. An auxiliary board  
23 member sitting on a panel is considered a regular board member for  
24 all purposes related to the conduct of the hearing.

25 SECTION 8. Section 6.42, Tax Code, is amended by adding  
26 Subsection (d) to read as follows:

27 (d) The concurrence of a majority of the members of the

1 appraisal review board or a panel of the board present at a meeting  
2 of the board or panel is sufficient for a recommendation,  
3 determination, decision, or other action by the board or panel, and  
4 the concurrence of more than a majority of the members of the board  
5 or panel may not be required.

6 SECTION 9. Subchapter C, Chapter 6, Tax Code, is amended by  
7 adding Section 6.425 to read as follows:

8 Sec. 6.425. SPECIAL APPRAISAL REVIEW BOARD PANELS IN  
9 CERTAIN DISTRICTS. (a) This section applies only to the appraisal  
10 review board for an appraisal district described by Section  
11 6.41(b-2).

12 (b) The appraisal review board shall establish a separate  
13 special panel for each of the following classifications of property  
14 to conduct protest hearings under Chapter 41 relating to property  
15 included in that classification:

- 16 (1) commercial real and personal property;  
17 (2) real and personal property of utilities;  
18 (3) industrial and manufacturing real and personal  
19 property; and  
20 (4) multifamily residential real property.

21 (c) The chairman of the appraisal review board may establish  
22 additional special panels described by this section to conduct  
23 protest hearings relating to property included in a classification  
24 described by Subsection (b) if the chairman determines that  
25 additional panels are necessary.

26 (d) Each special panel described by this section consists of  
27 three members of the appraisal review board appointed by the



1 chairman of the board.

2 (e) To be eligible to be appointed to a special panel  
3 described by this section, a member of the appraisal review board  
4 must:

5 (1) hold a juris doctor or equivalent degree;

6 (2) hold a master of business administration degree;

7 (3) be licensed as a certified public accountant under  
8 Chapter 901, Occupations Code;

9 (4) be accredited by the American Society of  
10 Appraisers as an accredited senior appraiser;

11 (5) possess an MAI professional designation from the  
12 Appraisal Institute;

13 (6) possess a Certified Assessment Evaluator (CAE)  
14 professional designation from the International Association of  
15 Assessing Officers; or

16 (7) have at least 20 years of experience in property  
17 tax appraisal or consulting.

18 (f) Notwithstanding Subsection (e), the chairman of the  
19 appraisal review board may appoint to a special panel described by  
20 this section a member of the appraisal review board who does not  
21 meet the qualifications prescribed by that subsection if:

22 (1) the number of persons appointed to the board by the  
23 local administrative district judge who meet those qualifications  
24 is not sufficient to fill the positions on each special panel; and

25 (2) the board member being appointed to the panel:

26 (A) holds a bachelor's degree in any field; or

27 (B) is licensed as a real estate broker or sales

1 agent under Chapter 1101, Occupations Code.

2 SECTION 10. Section 23.01(b), Tax Code, is amended to read  
3 as follows:

4 (b) The market value of property shall be determined by the  
5 application of generally accepted appraisal methods and  
6 techniques, including appraisal methods and techniques prescribed  
7 by appraisal manuals prepared and issued by the comptroller. If  
8 the appraisal district determines the appraised value of a property  
9 using mass appraisal standards, the mass appraisal standards must  
10 comply with the Uniform Standards of Professional Appraisal  
11 Practice. The same or similar appraisal methods and techniques  
12 shall be used in appraising the same or similar kinds of  
13 property. However, each property shall be appraised based upon the  
14 individual characteristics that affect the property's market  
15 value, and all available evidence that is specific to the value of  
16 the property shall be taken into account in determining the  
17 property's market value.

18 SECTION 11. Section 25.19, Tax Code, is amended by adding  
19 Subsection (b-3) to read as follows:

20 (b-3) This subsection applies only to an appraisal district  
21 described by Section 6.41(b-2). In addition to the information  
22 required by Subsection (b), the chief appraiser shall state in a  
23 notice of appraised value of property included in a classification  
24 described by Section 6.425(b) that the property owner has the right  
25 to have a protest relating to the property heard by a special panel  
26 of the appraisal review board.

27 SECTION 12. Section 41.44(d), Tax Code, is amended to read

1 as follows:

2 (d) A notice of protest is sufficient if it identifies the  
3 protesting property owner, including a person claiming an ownership  
4 interest in the property even if that person is not listed on the  
5 appraisal records as an owner of the property, identifies the  
6 property that is the subject of the protest, and indicates apparent  
7 dissatisfaction with some determination of the appraisal office.  
8 The notice need not be on an official form, but the comptroller  
9 shall prescribe a form that provides for more detail about the  
10 nature of the protest. The form must permit a property owner to  
11 include each property in the appraisal district that is the subject  
12 of a protest. The form must permit a property owner to request that  
13 the protest be heard by a special panel established under Section  
14 6.425 if the protest will be determined by an appraisal review board  
15 to which that section applies and the property is included in a  
16 classification described by that section. The comptroller, each  
17 appraisal office, and each appraisal review board shall make the  
18 forms readily available and deliver one to a property owner on  
19 request.

20 SECTION 13. Section 41.45, Tax Code, is amended by amending  
21 Subsection (d) and adding Subsections (d-1), (d-2), and (d-3) to  
22 read as follows:

23 (d) This subsection does not apply to a special panel  
24 established under Section 6.425. An appraisal review board  
25 consisting of more than three members may sit in panels of not fewer  
26 than three members to conduct protest hearings. [~~However, the~~  
27 ~~determination of a protest heard by a panel must be made by the~~

1 ~~board.]~~ If the recommendation of a panel is not accepted by the  
2 board, the board may refer the matter for rehearing to a panel  
3 composed of members who did not hear the original hearing or, if  
4 there are not at least three members who did not hear the original  
5 protest, the board may determine the protest. ~~[Before determining a~~  
6 ~~protest or conducting a rehearing before a new panel or the board,~~  
7 ~~the board shall deliver notice of the hearing or meeting to~~  
8 ~~determine the protest in accordance with the provisions of this~~  
9 ~~subchapter.]~~

10 (d-1) An appraisal review board to which Section 6.425  
11 applies shall sit in special panels established under that section  
12 to conduct protest hearings. A special panel may conduct a protest  
13 hearing relating to property only if the property is included in the  
14 classification for which the panel was established and the property  
15 owner has requested that the panel conduct the hearing. The board  
16 may rehear a protest heard by a special panel if the board elects  
17 not to accept the recommendation of the panel.

18 (d-2) The determination of a protest heard by a panel under  
19 Subsection (d) or (d-1) must be made by the board.

20 (d-3) The board must deliver notice of a hearing or meeting  
21 to determine a protest heard by a panel, or to rehear a protest,  
22 under Subsection (d) or (d-1) in accordance with the provisions of  
23 this subchapter.

24 SECTION 14. Section 41.66, Tax Code, is amended by amending  
25 Subsection (k) and adding Subsection (k-1) to read as follows:

26 (k) This subsection does not apply to a special panel  
27 established under Section 6.425. If an appraisal review board sits

1 in panels to conduct protest hearings, protests shall be randomly  
2 assigned to panels, except that the board may consider the type of  
3 property subject to the protest or the ground of the protest for the  
4 purpose of using the expertise of a particular panel in hearing  
5 protests regarding particular types of property or based on  
6 particular grounds. If a protest is scheduled to be heard by a  
7 particular panel, the protest may not be reassigned to another  
8 panel without the consent of the property owner or designated  
9 agent. If the appraisal review board has cause to reassign a  
10 protest to another panel, a property owner or designated agent may  
11 agree to reassignment of the protest or may request that the hearing  
12 on the protest be postponed. The board shall postpone the hearing  
13 on that request. A change of members of a panel because of a  
14 conflict of interest, illness, or inability to continue  
15 participating in hearings for the remainder of the day does not  
16 constitute reassignment of a protest to another panel.

17 (k-1) On the request of a property owner, an appraisal  
18 review board to which Section 6.425 applies shall assign a protest  
19 relating to property included in a classification described by that  
20 section to the special panel established to conduct protest  
21 hearings relating to property included in that classification. If  
22 the board has established more than one special panel to conduct  
23 protest hearings relating to property included in a particular  
24 classification, protests relating to property included in that  
25 classification shall be randomly assigned to those special panels.  
26 If a protest is scheduled to be heard by a particular special panel,  
27 the protest may not be reassigned to another special panel without

1 the consent of the property owner or designated agent. If the board  
2 has cause to reassign a protest to another special panel, a property  
3 owner or designated agent may agree to reassignment of the protest  
4 or may request that the hearing on the protest be postponed. The  
5 board shall postpone the hearing on that request. A change of  
6 members of a special panel because of a conflict of interest,  
7 illness, or inability to continue participating in hearings for the  
8 remainder of the day does not constitute reassignment of a protest  
9 to another special panel.

10 SECTION 15. Section 403.302(o), Government Code, is amended  
11 to read as follows:

12 (o) The comptroller shall adopt rules governing the conduct  
13 of the study after consultation with the comptroller's property tax  
14 administration advisory board [~~Comptroller's Property Value Study~~  
15 ~~Advisory Committee~~].

16 SECTION 16. Sections 403.302(m-1) and (n), Government Code,  
17 are repealed.

18 SECTION 17. Sections 5.05, 5.102, 5.13, and 23.01, Tax  
19 Code, as amended by this Act, apply only to the appraisal of  
20 property for ad valorem tax purposes for a tax year beginning on or  
21 after January 1, 2018.

22 SECTION 18. Section 6.03(a), Tax Code, as amended by this  
23 Act, does not affect the right of a person serving on the board of  
24 directors of an appraisal district on January 1, 2018, to complete  
25 the person's term on the board.

26 SECTION 19. Section 6.41(d-9), Tax Code, as amended by this  
27 Act, and Section 6.41(d-10), Tax Code, as added by this Act, apply

1 only to the appointment of appraisal review board members to terms  
2 beginning on or after January 1, 2019.

3 SECTION 20. Section 6.42(d), Tax Code, as added by this Act,  
4 applies only to a recommendation, determination, decision, or other  
5 action by an appraisal review board or a panel of such a board on or  
6 after January 1, 2018. A recommendation, determination, decision,  
7 or other action by an appraisal review board or a panel of such a  
8 board before January 1, 2018, is governed by the law as it existed  
9 immediately before that date, and that law is continued in effect  
10 for that purpose.

11 SECTION 21. Section 25.19(b-3), Tax Code, as added by this  
12 Act, applies only to a notice of appraised value for a tax year  
13 beginning on or after January 1, 2019. A notice of appraised value  
14 for a tax year beginning before January 1, 2019, is governed by the  
15 law in effect immediately before that date, and that law is  
16 continued in effect for that purpose.

17 SECTION 22. Sections 41.45 and 41.66, Tax Code, as amended  
18 by this Act, apply only to a protest filed under Chapter 41, Tax  
19 Code, on or after January 1, 2019. A protest filed under that  
20 chapter before January 1, 2019, is governed by the law in effect on  
21 the date the protest was filed, and the former law is continued in  
22 effect for that purpose.

23 SECTION 23. (a) Except as provided by Subsection (b) of  
24 this section, this Act takes effect January 1, 2018.

25 (b) The following provisions take effect September 1, 2018:

26 (1) Sections 6.41(b) and (d-9), Tax Code, as amended  
27 by this Act;

- 1           (2) Sections 6.41(b-1), (b-2), and (d-10), Tax Code,  
2 as added by this Act;
- 3           (3) Section 6.414(d), Tax Code, as amended by this  
4 Act;
- 5           (4) Section 6.425, Tax Code, as added by this Act;
- 6           (5) Section 25.19(b-3), Tax Code, as added by this  
7 Act;
- 8           (6) Section 41.44(d), Tax Code, as amended by this  
9 Act;
- 10          (7) Section 41.45(d), Tax Code, as amended by this  
11 Act;
- 12          (8) Sections 41.45(d-1), (d-2), and (d-3), Tax Code,  
13 as added by this Act;
- 14          (9) Section 41.66(k), Tax Code, as amended by this  
15 Act; and
- 16          (10) Section 41.66(k-1), Tax Code, as added by this  
17 Act.