

AN ACT

relating to the resolution of disputes or errors involving the ad valorem taxation of the same property by multiple taxing units of the same type as a result of disputed, overlapping, or erroneously applied boundaries.

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

SECTION 1. Chapter 72, Local Government Code, is amended by adding Section 72.010 to read as follows:

Sec. 72.010. SUIT TO ESTABLISH BOUNDARIES OF AND TAXES OWED TO CERTAIN COUNTIES OR TAXING UNITS LOCATED IN THOSE COUNTIES.

(a) In this section:

(1) "Like taxing units" means counties or other taxing units that are of the same type as one another and that by law may not include the same geographic territory.

(2) "Taxing unit" has the meaning assigned by Section 1.04, Tax Code.

(b) This section applies only to:

(1) a county that has a population of less than 400,000 and contains a municipality with a population of at least 300,000;

(2) a county that has a population of at least 50,000 and is adjacent to a county described by Subdivision (1); and

(3) a taxing unit other than a county that has territory in a county described by Subdivision (1) or (2).

(c) If, as a result of disputed, overlapping, or erroneously

1 applied geographic boundaries between like taxing units, multiple  
2 like taxing units have imposed ad valorem taxes on the same  
3 property, the property owner may file suit in the supreme court to:

4 (1) establish the correct geographic boundary between  
5 the taxing units; and

6 (2) determine the amount of taxes owed on the property  
7 and the taxing unit or units to which the taxes are owed.

8 (d) The supreme court has original jurisdiction to hear and  
9 determine a suit filed under Subsection (c) and may issue  
10 injunctive or declaratory relief in connection with the suit.

11 (e) The supreme court shall enter a final order determining  
12 a suit filed under Subsection (c) not later than the 90th day after  
13 the date the suit is filed.

14 SECTION 2. Section 25.25, Tax Code, is amended by adding  
15 Subsection (p) to read as follows:

16 (p) Not later than the 45th day after the date a dispute or  
17 error described by Section 72.010(c), Local Government Code, is  
18 resolved by an agreement between the taxing units under Section  
19 31.112(c) of this code or by a final order of the supreme court  
20 entered under Section 72.010, Local Government Code, the chief  
21 appraiser of each applicable appraisal district shall correct the  
22 appraisal roll and other appropriate records as necessary to  
23 reflect the agreement or order.

24 SECTION 3. Chapter 31, Tax Code, is amended by adding  
25 Section 31.112 to read as follows:

26 Sec. 31.112. REFUNDS OF PAYMENTS MADE TO MULTIPLE LIKE  
27 TAXING UNITS. (a) In this section, "like taxing units" has the

1 meaning assigned by Section 72.010(a), Local Government Code.

2 (b) This section applies only to taxing units described by  
3 Section 72.010(b), Local Government Code.

4 (c) Like taxing units to which a property owner has made tax  
5 payments under protest as a result of a dispute or error described  
6 by Section 72.010(c), Local Government Code, may enter into an  
7 agreement to resolve the dispute or error. An agreement under this  
8 subsection:

9 (1) must establish the correct geographic boundary  
10 between the taxing units;

11 (2) may include an allocation between the taxing units  
12 of all or part of the taxes that were paid under protest before the  
13 dispute or error was resolved, less any amount that is required to  
14 be refunded to the property owner;

15 (3) must require the taxing units to refund to the  
16 property owner any amount by which the amount paid by the owner to  
17 the taxing units exceeds the amount due; and

18 (4) must be in writing.

19 (d) If a dispute or error described by Section 72.010(c),  
20 Local Government Code, is resolved by the agreement of the taxing  
21 units, a refund required by Subsection (c)(3) of this section must  
22 be made not later than the 90th day after the date on which the  
23 agreement is made.

24 (e) If a dispute or error described by Section 72.010(c),  
25 Local Government Code, is not resolved by the agreement of the  
26 taxing units and the supreme court enters a final order in a suit  
27 under Section 72.010, Local Government Code, determining the amount

1 of taxes owed on the property and the taxing unit or units to which  
2 the taxes are owed, a refund required as a result of the order must  
3 be made not later than the 180th day after the date the order is  
4 entered.

5 (f) A refund under this section shall be accompanied by:

6 (1) a description sufficient to identify the property  
7 on which the taxes were imposed; and

8 (2) the tax account number, if applicable.

9 (g) A collector making a refund under this section shall  
10 notify the auditor of each appropriate taxing unit not later than  
11 the 30th day after the date the refund is made.

12 SECTION 4. Sections 31.12(a) and (b), Tax Code, are amended  
13 to read as follows:

14 (a) If a refund of a tax provided by Section 11.431(b),  
15 26.07(g), 26.15(f), 31.11, ~~or~~ 31.111, or 31.112 is paid on or  
16 before the 60th day after the date the liability for the refund  
17 arises, no interest is due on the amount refunded. If not paid on or  
18 before that 60th day, the amount of the tax to be refunded accrues  
19 interest at a rate of one percent for each month or part of a month  
20 that the refund is unpaid, beginning with the date on which the  
21 liability for the refund arises.

22 (b) For purposes of this section, liability for a refund  
23 arises:

24 (1) if the refund is required by Section 11.431(b), on  
25 the date the chief appraiser notifies the collector for the unit of  
26 the approval of the late homestead exemption;

27 (2) if the refund is required by Section 26.07(g), on

1 the date the results of the election to reduce the tax rate are  
2 certified;

3 (3) if the refund is required by Section 26.15(f):

4 (A) for a correction to the tax roll made under  
5 Section 26.15(b), on the date the change in the tax roll is  
6 certified to the assessor for the taxing unit under Section 25.25;  
7 or

8 (B) for a correction to the tax roll made under  
9 Section 26.15(c), on the date the change in the tax roll is ordered  
10 by the governing body of the taxing unit;

11 (4) if the refund is required by Section 31.11, on the  
12 date the auditor for the taxing unit determines that the payment was  
13 erroneous or excessive or, if the amount of the refund exceeds the  
14 applicable amount specified by Section 31.11(a), on the date the  
15 governing body of the unit approves the refund; ~~[or]~~

16 (5) if the refund is required by Section 31.111, on the  
17 date the collector for the taxing unit determines that the payment  
18 was erroneous; or

19 (6) if the refund is required by Section 31.112, on the  
20 date required by Section 31.112(d) or (e), as applicable.

21 SECTION 5. Subchapter E, Chapter 42, Education Code, is  
22 amended by adding Section 42.2532 to read as follows:

23 Sec. 42.2532. ADJUSTMENT FOR RESOLUTION OF DISPUTE OR ERROR  
24 RESULTING IN TAXATION OF SAME PROPERTY BY MULTIPLE SCHOOL  
25 DISTRICTS. The commissioner shall adjust the amounts due to a  
26 school district under this chapter and Chapter 46 as necessary to  
27 account for the resolution of a dispute or error involving the

1 district and another district by an agreement between the districts  
2 entered into under Section 31.112(c), Tax Code, or by a final order  
3 of the supreme court entered under Section 72.010, Local Government  
4 Code.

5 SECTION 6. The changes in law made by this Act apply to ad  
6 valorem taxes imposed for a tax year beginning before, on, or after  
7 the effective date of this Act.

8 SECTION 7. This Act takes effect immediately if it receives  
9 a vote of two-thirds of all the members elected to each house, as  
10 provided by Section 39, Article III, Texas Constitution. If this  
11 Act does not receive the vote necessary for immediate effect, this  
12 Act takes effect September 1, 2017.

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President of the Senate

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Speaker of the House

I hereby certify that S.B. No. 2242 passed the Senate on April 20, 2017, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendment on May 26, 2017, by the following vote: Yeas 31, Nays 0.

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Secretary of the Senate

I hereby certify that S.B. No. 2242 passed the House, with amendment, on May 19, 2017, by the following vote: Yeas 143, Nays 1, two present not voting.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor