




19 APR 10 AM 8:54
HOUSE OF REPRESENTATIVES

FLOOR AMENDMENT NO. _____

BY: 

1 Amend C.S.H.B. No. 2 (house committee report) as follows:

2 (1) On page 22, line 1, between "SECTION 22." and "Section
3 25.19", insert "(a)".

4 (2) On page 23, between lines 23 and 24, insert the
5 following:

6 (b) This section takes effect as provided by this Act, but
7 only if the constitutional amendment proposed by the 86th
8 Legislature, Regular Session, 2019, to authorize the legislature to
9 limit increases in the appraised value of commercial real property
10 for ad valorem tax purposes to 10 percent or more of the appraised
11 value of the property for the preceding tax year is not approved by
12 the voters. If that amendment is approved by the voters, this
13 section has no effect.

14 (3) On page 97, line 27, between "SECTION 59." and "Section
15 403.302", insert "(a)".

16 (4) On page 99, between lines 16 and 17, insert the
17 following:

18 (b) This section takes effect as provided by this Act, but
19 only if the constitutional amendment proposed by the 86th
20 Legislature, Regular Session, 2019, to authorize the legislature to
21 limit increases in the appraised value of commercial real property
22 for ad valorem tax purposes to 10 percent or more of the appraised
23 value of the property for the preceding tax year is not approved by
24 the voters. If that amendment is approved by the voters, this
25 section has no effect.

26 (5) Add the following appropriately numbered SECTION to the
27 bill and renumber subsequent SECTIONS of the bill accordingly:

28 SECTION _____. (a) Section 1.12(d), Tax Code, is amended to
29 read as follows:

1 (d) For purposes of this section, the appraisal ratio of a
2 homestead to which Section 23.23 applies or of commercial real
3 property to which Section 23.231 applies is the ratio of the
4 property's market value as determined by the appraisal district or
5 appraisal review board, as applicable, to the market value of the
6 property according to law. The appraisal ratio is not calculated
7 according to the appraised value of the property as limited by
8 Section 23.23 or 23.231.

9 (b) Subchapter B, Chapter 23, Tax Code, is amended by adding
10 Section 23.231 to read as follows:

11 Sec. 23.231. LIMITATION ON APPRAISED VALUE OF COMMERCIAL
12 REAL PROPERTY. (a) In this section:

13 (1) "Commercial real property" means real property
14 zoned or otherwise authorized for and actually used for a purpose
15 other than single-family use, multifamily use, heavy industrial
16 use, or use as a quarry.

17 (2) "New improvement" means an improvement to
18 commercial real property made after the most recent appraisal of
19 the property that increases the market value of the property and the
20 value of which is not included in the appraised value of the
21 property for the preceding tax year. The term does not include
22 repairs to or ordinary maintenance of an existing structure or the
23 grounds or another feature of the property.

24 (b) This section does not apply to property appraised under
25 Subchapter C, D, E, F, G, or H.

26 (c) Notwithstanding the requirements of Section 25.18 and
27 regardless of whether the appraisal office has appraised the
28 property and determined the market value of the property for the tax
29 year, an appraisal office may increase the appraised value of a
30 parcel of commercial real property for a tax year to an amount not
31 to exceed the lesser of:

1 (1) the market value of the property for the most
2 recent tax year that the market value was determined by the
3 appraisal office; or

4 (2) the sum of:

5 (A) 10 percent of the appraised value of the
6 property for the preceding tax year;

7 (B) the appraised value of the property for the
8 preceding tax year; and

9 (C) the market value of all new improvements to
10 the property.

11 (d) When appraising a parcel of commercial real property,
12 the chief appraiser shall:

13 (1) appraise the property at its market value; and

14 (2) include in the appraisal records both the market
15 value of the property and the amount computed under Subsection
16 (c)(2).

17 (e) The limitation provided by Subsection (c) takes effect
18 as to a parcel of commercial real property on January 1 of the tax
19 year following the first tax year in which the owner owns the
20 property on January 1 and in which the property meets the definition
21 of commercial real property. The limitation expires on January 1 of
22 the tax year following the first tax year in which the owner of the
23 property ceases to own the property or the property no longer meets
24 the definition of commercial real property.

25 (f) Notwithstanding Subsections (a)(2) and (c) and except
26 as provided by Subdivision (2) of this subsection, an improvement
27 to property that would otherwise constitute a new improvement is
28 not treated as a new improvement if the improvement is a replacement
29 structure for a structure that was rendered unusable by a casualty
30 or by wind or water damage. For purposes of appraising the property
31 under Subsection (c) in the tax year in which the structure would

1 have constituted a new improvement:

2 (1) the appraised value the property would have had in
3 the preceding tax year if the casualty or damage had not occurred is
4 considered to be the appraised value of the property for that year,
5 regardless of whether that appraised value exceeds the actual
6 appraised value of the property for that year as limited by
7 Subsection (c); and

8 (2) the replacement structure is considered to be a
9 new improvement only if:

10 (A) the square footage of the replacement
11 structure exceeds that of the replaced structure as that structure
12 existed before the casualty or damage occurred; or

13 (B) the exterior of the replacement structure is
14 of higher quality construction and composition than that of the
15 replaced structure.

16 (g) In this subsection, "disaster recovery program" means a
17 disaster recovery program funded with community development block
18 grant disaster recovery money authorized by federal law.
19 Notwithstanding Subsection (f)(2), and only to the extent necessary
20 to satisfy the requirements of a disaster recovery program, a
21 replacement structure described by that subdivision is not
22 considered to be a new improvement if to satisfy the requirements of
23 the disaster recovery program it was necessary that:

24 (1) the square footage of the replacement structure
25 exceed that of the replaced structure as that structure existed
26 before the casualty or damage occurred; or

27 (2) the exterior of the replacement structure be of
28 higher quality construction and composition than that of the
29 replaced structure.

30 (c) Section 25.19, Tax Code, is amended by amending
31 Subsections (b) and (g) and adding Subsections (b-3) and (b-4) to

1 read as follows:

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

4 (1) a list of the taxing units in which the property is
5 taxable;

6 (2) the appraised value of the property in the
7 preceding year;

8 (3) the taxable value of the property in the preceding
9 year for each taxing unit taxing the property;

10 (4) the appraised value of the property for the
11 current year, the kind and amount of each exemption and partial
12 exemption, if any, approved for the property for the current year
13 and for the preceding year, and, if an exemption or partial
14 exemption that was approved for the preceding year was canceled or
15 reduced for the current year, the amount of the exemption or partial
16 exemption canceled or reduced;

17 (5) a statement of whether the property qualifies for
18 the limitation on appraised value provided by Section 23.231 [~~if~~
19 ~~the appraised value is greater than it was in the preceding year,~~
20 ~~the amount of tax that would be imposed on the property on the basis~~
21 ~~of the tax rate for the preceding year~~];

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

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

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

31 (9) a brief explanation that the governing body of

1 each taxing unit decides whether or not taxes on the property will
2 increase and the appraisal district only determines the value of
3 the property.

4 (b-3) This subsection applies only to an appraisal district
5 described by Section 6.41(b-2). In addition to the information
6 required by Subsection (b), the chief appraiser shall state in a
7 notice of appraised value of property described by Section 6.425(b)
8 that the property owner has the right to have a protest relating to
9 the property heard by a special panel of the appraisal review board.

10 (b-4) Subsection (b)(6) applies only to a notice of
11 appraised value required to be delivered by the chief appraiser of
12 an appraisal district established in a county with a population of
13 less than 120,000. This subsection expires January 1, 2022.

14 (g) By April 1 or as soon thereafter as practicable if the
15 property is a single-family residence that qualifies for an
16 exemption under Section 11.13, or by May 1 or as soon thereafter as
17 practicable in connection with any other property, the chief
18 appraiser shall deliver a written notice to the owner of each
19 property not included in a notice required to be delivered under
20 Subsection (a), if the property was reappraised in the current tax
21 year, if the ownership of the property changed during the preceding
22 year, or if the property owner or the agent of a property owner
23 authorized under Section 1.111 makes a written request for the
24 notice. The chief appraiser shall separate real from personal
25 property and include in the notice for each property:

26 (1) the appraised value of the property in the
27 preceding year;

28 (2) the appraised value of the property for the
29 current year and the kind of each partial exemption, if any,
30 approved for the current year;

31 (2-a) a statement of whether the property qualifies

1 for the limitation on appraised value provided by Section 23.231;

2 (3) a detailed explanation of the time and procedure
3 for protesting the value; and

4 (4) the date and place the appraisal review board will
5 begin hearing protests.

6 (d) Section 41.41(a), Tax Code, is amended to read as
7 follows:

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

10 (1) determination of the appraised value of the
11 owner's property or, in the case of land appraised as provided by
12 Subchapter C, D, E, or H, Chapter 23, determination of its appraised
13 or market value;

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

15 (3) inclusion of the owner's property on the appraisal
16 records;

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

19 (4-a) determination that the owner's property does not
20 qualify for the limitation on appraised value provided by Section
21 23.231;

22 (5) determination that the owner's land does not
23 qualify for appraisal as provided by Subchapter C, D, E, or H,
24 Chapter 23;

25 (6) identification of the taxing units in which the
26 owner's property is taxable in the case of the appraisal district's
27 appraisal roll;

28 (7) determination that the property owner is the owner
29 of property;

30 (8) a determination that a change in use of land
31 appraised under Subchapter C, D, E, or H, Chapter 23, has occurred;

1 or

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

5 (e) Section 42.26(d), Tax Code, is amended to read as
6 follows:

7 (d) For purposes of this section, the value of the property
8 subject to the suit and the value of a comparable property or sample
9 property that is used for comparison must be the market value
10 determined by the appraisal district when the property is [~~a~~
11 ~~residence homestead~~] subject to the limitation on appraised value
12 imposed by Section 23.23 or 23.231.

13 (f) Section 403.302, Government Code, is amended by
14 amending Subsections (d), (i), and (o) and adding Subsections (k)
15 and (k-1) to read as follows:

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

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

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

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

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

31 (A) is within a reinvestment zone created on or

1 before May 31, 1999, or is proposed to be included within the
2 boundaries of a reinvestment zone as the boundaries of the zone and
3 the proposed portion of tax increment paid into the tax increment
4 fund by a school district are described in a written notification
5 provided by the municipality or the board of directors of the zone
6 to the governing bodies of the other taxing units in the manner
7 provided by former Section 311.003(e), Tax Code, before May 31,
8 1999, and within the boundaries of the zone as those boundaries
9 existed on September 1, 1999, including subsequent improvements to
10 the property regardless of when made;

11 (B) generates taxes paid into a tax increment
12 fund created under Chapter 311, Tax Code, under a reinvestment zone
13 financing plan approved under Section 311.011(d), Tax Code, on or
14 before September 1, 1999; and

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

17 (5) the total dollar amount of any captured appraised
18 value of property that:

19 (A) is within a reinvestment zone:

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

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

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

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

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

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

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

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

16 (A) action required by statute or the
17 constitution of this state, other than Section 11.311, Tax Code,
18 that, if the tax rate adopted by the district is applied to it,
19 produces an amount equal to the difference between the tax that the
20 district would have imposed on the property if the property were
21 fully taxable at market value and the tax that the district is
22 actually authorized to impose on the property, if this subsection
23 does not otherwise require that portion to be deducted; or

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

27 (10) the market value of all tangible personal
28 property, other than manufactured homes, owned by a family or
29 individual and not held or used for the production of income;

30 (11) the appraised value of property the collection of
31 delinquent taxes on which is deferred under Section 33.06, Tax

1 Code;

2 (12) the portion of the appraised value of property
3 the collection of delinquent taxes on which is deferred under
4 Section 33.065, Tax Code; and

5 (13) the amount by which the market value of property
6 [~~a residence homestead~~] to which Section 23.23 or 23.231, Tax Code,
7 applies exceeds the appraised value of that property as calculated
8 under Section 23.23 or 23.231, Tax Code, as applicable [~~that~~
9 ~~section~~].

10 (i) If the comptroller determines in the study that the
11 market value of property in a school district as determined by the
12 appraisal district that appraises property for the school district,
13 less the total of the amounts and values listed in Subsection (d) as
14 determined by that appraisal district, is valid, the comptroller,
15 in determining the taxable value of property in the school district
16 under Subsection (d), shall for purposes of Subsection (d)(13)
17 subtract from the market value as determined by the appraisal
18 district of properties [~~residence homesteads~~] to which Section
19 23.23 or 23.231, Tax Code, applies the amount by which that amount
20 exceeds the appraised value of those properties as calculated by
21 the appraisal district under Section 23.23 or 23.231, Tax Code, as
22 applicable. If the comptroller determines in the study that the
23 market value of property in a school district as determined by the
24 appraisal district that appraises property for the school district,
25 less the total of the amounts and values listed in Subsection (d) as
26 determined by that appraisal district, is not valid, the
27 comptroller, in determining the taxable value of property in the
28 school district under Subsection (d), shall for purposes of
29 Subsection (d)(13) subtract from the market value as estimated by
30 the comptroller of properties [~~residence homesteads~~] to which
31 Section 23.23 or 23.231, Tax Code, applies the amount by which that

1 amount exceeds the appraised value of those properties as
2 calculated by the appraisal district under Section 23.23 or 23.231,
3 Tax Code, as applicable.

4 (k) If the comptroller determines in the study that the
5 school district's local value as determined by the appraisal
6 district that appraises property for the school district is not
7 valid, the comptroller shall provide notice of the comptroller's
8 determination to the board of directors of the appraisal district.
9 The board of directors of the appraisal district shall hold a public
10 meeting to discuss the receipt of notice under this subsection.

11 (k-1) If the comptroller determines in the study that the
12 school district's local value as determined by the appraisal
13 district that appraises property for the school district is not
14 valid for three consecutive years, the comptroller shall conduct an
15 additional review of the appraisal district under Section 5.102,
16 Tax Code, and provide recommendations to the appraisal district.
17 The comptroller may contract with a third party to assist the
18 comptroller in conducting the additional review and providing the
19 recommendations required under this subsection. If the appraisal
20 district fails to comply with the recommendations provided under
21 this subsection and the comptroller finds that the board of
22 directors of the appraisal district failed to take remedial action
23 reasonably designed to ensure substantial compliance with each
24 recommendation before the first anniversary of the date the
25 recommendations were made, the comptroller shall notify the Texas
26 Department of Licensing and Regulation, or a successor to the
27 department, which shall take action necessary to ensure that the
28 recommendations are implemented as soon as practicable. Before
29 February 1 of the year following the year in which the Texas
30 Department of Licensing and Regulation, or a successor to the
31 department, takes action under this subsection, the department,

1 with the assistance of the comptroller, shall determine whether the
2 recommendations have been substantially implemented and notify the
3 board of directors of the appraisal district of the determination.
4 If the department determines that the recommendations have not been
5 substantially implemented, the board of directors of the appraisal
6 district must, within three months of the determination, consider
7 whether the failure to implement the recommendations was under the
8 current chief appraiser's control and whether the chief appraiser
9 is able to adequately perform the chief appraiser's duties.

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

14 (g) This section applies only to the appraisal of commercial
15 real property for ad valorem tax purposes for a tax year that begins
16 on or after January 1, 2020.

17 (h) This section takes effect as provided by this Act, but
18 only if the constitutional amendment proposed by the 86th
19 Legislature, Regular Session, 2019, to authorize the legislature to
20 limit increases in the appraised value of commercial real property
21 for ad valorem tax purposes to 10 percent or more of the appraised
22 value of the property for the preceding tax year is approved by the
23 voters. If that amendment is not approved by the voters, this
24 section has no effect.