86R14931 SMH-D

By:  Toth H.B. No. 3098

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.  The heading to Subchapter A, Chapter 6, Tax Code, is amended to read as follows:

SUBCHAPTER A. APPRAISAL OFFICES [~~DISTRICTS~~]

SECTION 2.  Section 6.01, Tax Code, is amended to read as follows:

Sec. 6.01.  APPRAISAL OFFICES [~~DISTRICTS~~] ESTABLISHED. (a) An appraisal office [~~district~~] is established in each county.

(b)  The office [~~district~~] is responsible for appraising property in the county for which the office is established [~~district~~] for ad valorem tax purposes of each taxing unit that imposes ad valorem taxes on property in the county [~~district~~].

(c)  An appraisal office [~~district~~] is governed by the assessor-collector of the county for which the office is established and is an administrative office of the county assessor-collector [~~a political subdivision of the state~~].

(d)  For purposes of this title, each taxing unit with territory in the county is considered to participate in the appraisal office established for the county.

(e)  A reference in this title or other law to:

(1)  an appraisal district means an appraisal office;

(2)  the territory of an appraisal district means the county for which an appraisal office is established; and

(3)  the board of directors of an appraisal district means the assessor-collector of the county for which an appraisal office is established.

SECTION 3.  Section 6.02, Tax Code, is amended to read as follows:

Sec. 6.02.  APPRAISAL OFFICE AUTHORITY WITHIN COUNTY [~~DISTRICT BOUNDARIES~~]. (a) An [~~The~~] appraisal office has authority under this title in the territory included within [~~district's boundaries are the same as~~] the county's boundaries.

(b)  This section does not preclude the county assessor-collectors who govern [~~board of directors of~~] two or more adjoining appraisal offices [~~districts~~] from providing for the operation of a consolidated appraisal office [~~district~~] by interlocal contract.

SECTION 4.  The heading to Section 6.035, Tax Code, is amended to read as follows:

Sec. 6.035.  RESTRICTIONS ON ELIGIBILITY AND CONDUCT OF COUNTY ASSESSOR-COLLECTORS [~~BOARD MEMBERS~~] AND CHIEF APPRAISERS AND THEIR RELATIVES.

SECTION 5.  Sections 6.035(a), (b), and (d), Tax Code, are amended to read as follows:

(a)  An individual is [~~ineligible to serve on an appraisal district board of directors and is~~] disqualified from employment as chief appraiser if the individual:

(1)  is related within the second degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to an individual who is engaged in the business of appraising property for compensation for use in proceedings under this title or of representing property owners for compensation in proceedings under this title in the appraisal office [~~district~~]; or

(2)  owns property on which delinquent taxes have been owed to a taxing unit for more than 60 days after the date the individual knew or should have known of the delinquency unless:

(A)  the delinquent taxes and any penalties and interest are being paid under an installment payment agreement under Section 33.02; or

(B)  a suit to collect the delinquent taxes is deferred or abated under Section 33.06 or 33.065.

(b)  A [~~member of an appraisal district board of directors or a~~] chief appraiser commits an offense if the [~~board member continues to hold office or the~~] chief appraiser remains employed knowing that an individual related within the second degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to the [~~board member or~~] chief appraiser is engaged in the business of appraising property for compensation for use in proceedings under this title or of representing property owners for compensation in proceedings under this title in the appraisal office [~~district~~] in which the [~~member serves or the~~] chief appraiser is employed. An offense under this subsection is a Class B misdemeanor.

(d)  An appraisal performed by a chief appraiser in a private capacity or by an individual related within the second degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to the chief appraiser may not be used as evidence in a protest or challenge under Chapter 41 or an appeal under Chapter 42 concerning property that is taxable in the county for which the appraisal office that employs [~~district in which~~] the chief appraiser is established [~~employed~~].

SECTION 6.  Sections 6.036(b), (c), and (f), Tax Code, are amended to read as follows:

(b)  An appraisal office [~~district~~] may not enter into a contract with the county assessor-collector who governs [~~a member of the board of directors of~~] the appraisal office [~~district~~] or with a business entity in which the county assessor-collector [~~a member of the board~~] has a substantial interest.

(c)  A taxing unit may not enter into a contract relating to the performance of an activity governed by this title with a business entity in which the county assessor-collector who governs [~~a member of the board of directors of~~] an appraisal office [~~district~~] in which the taxing unit participates [~~or with a business entity in which a member of the board~~] has a substantial interest.

(f)  This section does not limit the application of any other law, including the common law relating to conflicts of interest, to a county assessor-collector [~~an appraisal district director~~].

SECTION 7.  Section 6.05, Tax Code, is amended to read as follows:

Sec. 6.05.  APPRAISAL OFFICE; CHIEF APPRAISER AND OTHER EMPLOYEES. (a) Except as authorized by Subsection (b) [~~of this section~~], each county assessor-collector [~~appraisal district~~] shall establish an appraisal office. The appraisal office must be located in the county for which the office [~~district~~] is established. An appraisal office [~~district~~] may establish branch appraisal offices outside the county for which the office [~~district~~] is established.

(b)  The county assessor-collector who governs [~~board of directors of~~] an appraisal office [~~district~~] may contract with an appraisal office in another county [~~district or with a taxing unit in the district~~] to perform the duties of the appraisal office for the county [~~district~~].

(c)  The county assessor-collector may serve as the chief appraiser for the appraisal office or may appoint another person to serve as the chief appraiser.

(d)  A county assessor-collector who appoints another person to serve as the chief appraiser shall notify the comptroller and each taxing unit that participates in the appraisal office of that appointment.

(e)  An appointed [~~The~~] chief appraiser [~~is the chief administrator of the appraisal office. Except as provided by Section 6.0501, the chief appraiser is appointed by and~~] serves at the pleasure of the county assessor-collector and acts on behalf of the county assessor-collector on all matters delegated to the appointed chief appraiser by the county assessor-collector [~~appraisal district board of directors. If a taxing unit performs the duties of the appraisal office pursuant to a contract, the assessor for the unit is the chief appraiser~~]. To be eligible to be appointed [~~or serve~~] as a chief appraiser or to serve as an appointed chief appraiser, a person must be certified as a registered professional appraiser under Section 1151.160, Occupations Code, possess an MAI professional designation from the Appraisal Institute, or possess an Assessment Administration Specialist (AAS), Certified Assessment Evaluator (CAE), or Residential Evaluation Specialist (RES) professional designation from the International Association of Assessing Officers. A person who is eligible to be appointed [~~or serve~~] as a chief appraiser or to serve as an appointed chief appraiser by having a professional designation described by this subsection must become certified as a registered professional appraiser under Section 1151.160, Occupations Code, not later than the fifth anniversary of the date the person is appointed or begins to serve as chief appraiser. A chief appraiser who is not eligible to be appointed or serve as chief appraiser may not perform an action authorized or required by law to be performed by a chief appraiser, including the preparation, certification, or submission of any part of the appraisal roll. Not later than January 1 of each year, a county assessor-collector who has appointed another person to serve as the chief appraiser shall notify the comptroller in writing that the chief appraiser is either eligible to be appointed or serve as the chief appraiser or not eligible to be appointed or serve as the chief appraiser.

(f)  An appointed [~~(d)  Except as provided by Section 6.0501, the~~] chief appraiser is entitled to compensation as provided by the budget adopted by the county assessor-collector who governs the appraisal office for performing duties delegated to the appointed chief appraiser by the county assessor-collector [~~board of directors~~]. The chief appraiser's compensation may not be directly or indirectly linked to an increase in the total market, appraised, or taxable value of property in the county for which the appraisal office is established [~~district~~]. The county assessor-collector [~~Except as provided by Section 6.0501, the chief appraiser~~] may employ and compensate professional, clerical, and other personnel as provided by the budget[~~, with the exception of a general counsel to the appraisal district~~].

(g) [~~(e)~~]  The county assessor-collector may not appoint a person to serve as the chief appraiser if the person is related to the county assessor-collector within the second degree by affinity or within the third degree by consanguinity, as determined under Chapter 573, Government Code. [~~chief appraiser may delegate authority to his employees.~~

[~~(f)  The chief appraiser may not employ any individual related to a member of the board of directors within the second degree by affinity or within the third degree by consanguinity, as determined under Chapter 573, Government Code.~~] A person commits an offense if the person intentionally or knowingly violates this subsection. An offense under this subsection is a misdemeanor punishable by a fine of not less than $100 or more than $1,000.

(h) [~~(g)~~]  The chief appraiser is an officer of the appraisal office [~~district~~] for purposes of the nepotism law, Chapter 573, Government Code. An appraisal office [~~district~~] may not employ or contract with an individual or the spouse of an individual who is related to the chief appraiser within the first degree by consanguinity or affinity, as determined under Chapter 573, Government Code.

(i)  A county assessor-collector who appoints another person to serve as the chief appraiser [~~(h)  The board of directors of an appraisal district by resolution~~] may prescribe that specified actions of the chief appraiser relating to the finances or administration of the appraisal office [~~district~~] are subject to the approval of the county assessor-collector [~~board~~].

[~~(i)  To ensure adherence with generally accepted appraisal practices, the board of directors of an appraisal district shall develop biennially a written plan for the periodic reappraisal of all property within the boundaries of the district according to the requirements of Section 25.18 and shall hold a public hearing to consider the proposed plan. Not later than the 10th day before the date of the hearing, the secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district a written notice of the date, time, and place for the hearing. Not later than September 15 of each even-numbered year, the board shall complete its hearings, make any amendments, and by resolution finally approve the plan. Copies of the approved plan shall be distributed to the presiding officer of the governing body of each taxing unit participating in the district and to the comptroller within 60 days of the approval date.~~]

(j)  The county assessor-collector who governs [~~board of directors of~~] an appraisal office [~~district~~] may employ a general counsel to the office [~~district~~] to serve at the will of the county assessor-collector [~~board~~]. The general counsel shall provide counsel directly to the county assessor-collector [~~board~~] and perform other duties and responsibilities as determined by the county assessor-collector [~~board~~]. The general counsel is entitled to compensation as provided by the budget adopted by the county assessor-collector [~~board~~].

SECTION 8.  Section 6.052, Tax Code, is amended to read as follows:

Sec. 6.052.  TAXPAYER LIAISON OFFICER. (a)  The county assessor-collector who governs [~~board of directors for~~] an appraisal office [~~district~~] created for a county with a population of more than 120,000 shall appoint a taxpayer liaison officer who shall serve at the pleasure of the county assessor-collector [~~board~~]. The taxpayer liaison officer [~~shall administer the public access functions required by Sections 6.04(d), (e), and (f), and~~] is responsible for resolving disputes not involving matters that may be protested under Section 41.41. In addition, the taxpayer liaison officer is responsible for receiving, and compiling a list of, comments and suggestions filed by the chief appraiser, a property owner, or a property owner's agent concerning the matters listed in Section 5.103(b) or any other matter related to the fairness and efficiency of the appraisal review board established for the appraisal office [~~district~~]. The taxpayer liaison officer shall forward to the comptroller comments and suggestions filed under this subsection in the form and manner prescribed by the comptroller.

(b)  The taxpayer liaison officer shall provide to the public information and materials designed to assist property owners in understanding the appraisal process, protest procedures, the procedure for filing comments and suggestions under Subsection (a) [~~of this section or a complaint under Section 6.04(g)~~], and other matters. Information concerning the process for submitting comments and suggestions to the comptroller concerning an appraisal review board shall be provided at each protest hearing.

(c)  The taxpayer liaison officer shall report to the county assessor-collector [~~board at each meeting~~] on the status of all comments and suggestions filed with the officer under Subsection (a) [~~of this section and all complaints filed with the board under Section 6.04(g)~~].

(d)  The taxpayer liaison officer is entitled to compensation as provided by the budget adopted by the county assessor-collector [~~board of directors~~].

(e)  The chief appraiser or any other person who performs appraisal or legal services for the appraisal office [~~district~~] for compensation is not eligible to be the taxpayer liaison officer.

(f)  The taxpayer liaison officer for an appraisal office [~~district described by Section 6.41(d-1)~~] is responsible for providing clerical assistance to the pertinent state senators and state representatives [~~local administrative district judge~~] in the selection of appraisal review board members. The officer shall deliver to the state senators and state representatives [~~local administrative district judge~~] any applications to serve on the board that are submitted to the officer and shall perform other duties as requested by the state senators and state representatives [~~local administrative district judge~~]. The officer may not influence the process for selecting appraisal review board members.

SECTION 9.  The heading to Section 6.06, Tax Code, is amended to read as follows:

Sec. 6.06.  APPRAISAL OFFICE [~~DISTRICT~~] BUDGET AND FINANCING.

SECTION 10.  Sections 6.06(a), (b), (c), (d), (f), (g), (h), (i), (j), and (k), Tax Code, are amended to read as follows:

(a)  Each year the county assessor-collector who governs an appraisal office, with the assistance of the chief appraiser, shall prepare a proposed budget for the operations of the office [~~district~~] for the following tax year and shall submit copies to each taxing unit participating in the office [~~district and to the district board of directors~~] before June 15. The budget must [~~He shall~~] include [~~in the budget~~] a list showing each proposed position, the proposed salary for the position, all benefits proposed for the position, each proposed capital expenditure, and an estimate of the amount of the budget that will be allocated to each taxing unit. Each taxing unit [~~entitled to vote on the appointment of board members~~] shall maintain a copy of the proposed budget for public inspection at its principal administrative office.

(b)  The county assessor-collector [~~board of directors~~] shall hold a public hearing to consider the budget. The chief appraiser [~~secretary of the board~~] shall deliver to the presiding officer of the governing body of each taxing unit participating in the appraisal office [~~district~~] not later than the 10th day before the date of the hearing a written notice of the date, time, and place fixed for the hearing. The county assessor-collector [~~board~~] shall complete the [~~its~~] hearings, make any amendments to the proposed budget [~~it desires~~], and finally approve a budget before September 15. If the governing bodies of a majority of the taxing units participating in the appraisal office [~~entitled to vote on the appointment of board members~~] adopt resolutions disapproving a budget and file them with the county assessor-collector [~~secretary of the board~~] within 30 days after its adoption, the budget does not take effect, and the county assessor-collector [~~board~~] shall adopt a new budget within 30 days of the disapproval.

(c)  The county assessor-collector [~~board~~] may amend the approved budget at any time[~~,~~] but [~~the secretary of the board~~] must deliver a written copy of a proposed amendment to the presiding officer of the governing body of each taxing unit participating in the appraisal office [~~district~~] not later than the 30th day before the date the county assessor-collector [~~board~~] acts on it.

(d)  Each taxing unit participating in the appraisal office [~~district~~] is allocated a portion of the amount of the budget equal to the proportion that the total dollar amount of property taxes imposed in the county for which the office is established [~~district~~] by the taxing unit for the tax year in which the budget proposal is prepared bears to the sum of the total dollar amount of property taxes imposed in the county [~~district~~] by each participating taxing unit for that year. If a taxing unit participates in two or more appraisal offices [~~districts~~], only the taxes imposed in the appropriate county [~~a district~~] are used to calculate the taxing unit's cost allocations in that office [~~district~~]. If the number of real property parcels in a taxing unit is less than 5 percent of the total number of real property parcels in the county [~~district~~] and the taxing unit imposes in excess of 25 percent of the total amount of the property taxes imposed in the county [~~district~~] by all of the participating taxing units for a year, the taxing unit's allocation may not exceed a percentage of the appraisal office's [~~district's~~] budget equal to three times the taxing unit's percentage of the total number of real property parcels appraised by the office [~~district~~].

(f)  Payments shall be made to a depository designated by the county assessor-collector [~~district board of directors~~]. The appraisal office's [~~district's~~] funds may be disbursed only by a written check, draft, or order signed by the county assessor-collector [~~chairman and secretary of the board~~] or, if authorized by [~~resolution of~~] the county assessor-collector [~~board~~], by the chief appraiser.

(g)  If a taxing unit decides not to impose taxes for any tax year, the taxing unit is not liable for any of the costs of operating the appraisal office [~~district~~] in that year, and those costs are allocated among the other taxing units as if that taxing unit had not imposed taxes in the year used to calculate allocations. However, if that taxing unit has made any payments, it is not entitled to a refund.

(h)  If a newly formed taxing unit or a taxing unit that did not impose taxes in the preceding year imposes taxes in any tax year, that taxing unit is allocated a portion of the amount budgeted to operate the appraisal office [~~district~~] as if it had imposed taxes in the preceding year, except that the amount of taxes the taxing unit imposes in the current year is used to calculate its allocation. Before the amount of taxes to be imposed for the current year is known, the allocation may be based on an estimate to which the county assessor-collector who governs the appraisal office [~~district board of directors~~] and the governing body of the taxing unit agree, and the payments made after that amount is known shall be adjusted to reflect the amount imposed. The payments of a newly formed taxing unit that has no source of funds are postponed until the taxing unit has received adequate tax or other revenues.

(i)  The fiscal year of an appraisal office [~~district~~] is the calendar year unless the governing bodies of three-fourths of the taxing units that participate in the office [~~entitled to vote on the appointment of board members~~] adopt resolutions proposing a different fiscal year and file them with the county assessor-collector who governs the office [~~secretary of the board~~] not more than 12 and not less than eight months before the first day of the fiscal year proposed by the resolutions. If the fiscal year of an appraisal office [~~district~~] is changed under this subsection, the county assessor-collector, with the assistance of the chief appraiser, shall prepare a proposed budget for the fiscal year as provided by Subsection (a) [~~of this section~~] before the 15th day of the seventh month preceding the first day of the fiscal year established by the change, and the county assessor-collector [~~board of directors~~] shall adopt a budget for the fiscal year as provided by Subsection (b) [~~of this section~~] before the 15th day of the fourth month preceding the first day of the fiscal year established by the change. The [~~Unless the appraisal district adopts a different method of allocation under Section 6.061 of this code, the~~] allocation of the budget to each taxing unit shall be calculated as provided by Subsection (d) [~~of this section~~] using the amount of property taxes imposed by each participating taxing unit in the most recent tax year preceding the fiscal year established by the change for which the necessary information is available. Each taxing unit shall pay its allocation as provided by Subsection (e) [~~of this section~~], except that the first payment shall be made before the first day of the fiscal year established by the change and subsequent payments shall be made quarterly. In the year in which a change in the fiscal year occurs, the budget that takes effect on January 1 of that year may be amended as necessary as provided by Subsection (c) [~~of this section~~] in order to accomplish the change in fiscal years.

(j)  If the total amount of the payments made or due to be made by the taxing units participating in an appraisal office [~~district~~] exceeds the amount actually spent or obligated to be spent during the fiscal year for which the payments were made, the chief appraiser shall credit the excess amount against each taxing unit's allocated payments for the following year in proportion to the amount of each taxing unit's budget allocation for the fiscal year for which the payments were made. If a taxing unit that paid its allocated amount is not allocated a portion of the appraisal office's [~~district's~~] budget for the following fiscal year, the chief appraiser shall refund to the taxing unit its proportionate share of the excess funds not later than the 150th day after the end of the fiscal year for which the payments were made.

(k)  For good cause shown, the county assessor-collector who governs an appraisal office [~~board of directors~~] may waive the penalty and interest on a delinquent payment under Subsection (e).

SECTION 11.  Sections 6.062(a) and (c), Tax Code, are amended to read as follows:

(a)  Not later than the 10th day before the date of the public hearing at which the county assessor-collector who governs an appraisal office [~~board of directors~~] considers the appraisal office [~~district~~] budget, the chief appraiser shall give notice of the public hearing by publishing the notice in a newspaper having general circulation in the county for which the appraisal office [~~district~~] is established. The notice may not be smaller than one-quarter page of a standard-size or tabloid-size newspaper and may not be published in the part of the paper in which legal notices and classified advertisements appear.

(c)  The notice must state that the appraisal office [~~district~~] is supported solely by payments from the local taxing units served by the appraisal office [~~district~~]. The notice must also contain the following statement: "If approved by the county assessor-collector who governs the appraisal office [~~district board of directors~~] at the public hearing, this proposed budget will take effect automatically unless disapproved by the governing bodies of the taxing units [~~county, school districts, cities, and towns~~] served by the appraisal office [~~district~~]. A copy of the proposed budget is available for public inspection in the office of each of those governing bodies."

SECTION 12.  Section 6.063, Tax Code, is amended to read as follows:

Sec. 6.063.  FINANCIAL AUDIT. (a) At least once each year, the county assessor-collector who governs [~~board of directors of~~] an appraisal office [~~district~~] shall have prepared an audit of its affairs by an independent certified public accountant or a firm of independent certified public accountants.

(b)  The report of the audit is a public record. A copy of the report shall be delivered to the presiding officer of the governing body of each taxing unit that participates in the appraisal office [~~eligible to vote on the appointment of district directors~~], and a reasonable number of copies shall be available for inspection at the appraisal office.

SECTION 13.  The heading to Section 6.09, Tax Code, is amended to read as follows:

Sec. 6.09.  DESIGNATION OF APPRAISAL OFFICE [~~DISTRICT~~] DEPOSITORY.

SECTION 14.  Sections 6.09(a), (b), and (c), Tax Code, are amended to read as follows:

(a)  The appraisal office [~~district~~] depository must be a banking corporation incorporated under the laws of this state or the United States or a savings and loan association in this state whose deposits are insured by the Federal Deposit [~~Savings and Loan~~] Insurance Corporation.

(b)  The county assessor-collector who governs the appraisal office [~~district board of directors~~] shall designate as the office [~~district~~] depository the financial institution or institutions that offer the most favorable terms and conditions for the handling of the office's [~~district's~~] funds.

(c)  The county assessor-collector [~~board~~] shall solicit bids to be designated as depository for the appraisal office [~~district~~]. The depository when designated shall serve for a term of two years and until its successor is designated and has qualified. The county assessor-collector [~~board~~] and the depository may agree to extend a depository contract for one additional two-year period.

SECTION 15.  Section 6.11, Tax Code, is amended to read as follows:

Sec. 6.11.  PURCHASING AND CONTRACTING AUTHORITY. (a) An appraisal office [~~district~~] is subject to the same requirements and has the same purchasing and contracting authority as a municipality under Chapter 252, Local Government Code.

(b)  For purposes of this section, all the provisions of Chapter 252, Local Government Code, applicable to a municipality or to purchases and contracts by a municipality apply to an appraisal office [~~district~~] and to purchases and contracts by an appraisal office [~~district~~] to the extent they can be made applicable, and all references to the municipality in that chapter mean the appraisal office [~~district~~]. For purposes of applying Section 252.061, Local Government Code, to an appraisal office [~~district~~], any resident of the county for which the appraisal office is established [~~district~~] may seek an injunction under that section. Sections 252.062 and 252.063, Local Government Code, apply to an officer or employee of an appraisal office [~~district~~] in the same manner as those sections apply to a municipal officer or employee.

SECTION 16.  Sections 6.12(a), (b), (c), and (e), Tax Code, are amended to read as follows:

(a)  The state senators and state representatives whose districts contain any part of the territory included in the county for which an [~~chief appraiser of each~~] appraisal office is established [~~district~~] shall by majority vote appoint, with the advice [~~and consent~~] of and in the manner provided by the county assessor-collector who governs the office [~~board of directors~~], an agricultural advisory board composed of three or more members as determined by the county assessor-collector [~~board~~]. Each state senator and state representative is entitled to one vote for a candidate for each position to be filled on the board.

(b)  The agricultural advisory board members must be landowners of the county for which the appraisal office is established [~~district~~] whose land qualifies for appraisal under Subchapter C, D, E, or H, Chapter 23, and who have been residents of the county [~~district~~] for at least five years.

(c)  Members of the board serve for [~~staggered~~] terms of two years. The county assessor-collector who governs the appraisal office shall provide for staggered terms, so that the terms of as close to one-half of the members as possible expire each year [~~In making the initial appointments of members of the agricultural advisory board the chief appraiser shall appoint for a term of one year one-half of the members, or if the number of members is an odd number, one fewer than a majority of the membership~~].

(e)  An employee or officer of an appraisal office [~~district~~] may not be appointed and may not serve as a member of the agricultural advisory board.

SECTION 17.  Section 6.13, Tax Code, is amended to read as follows:

Sec. 6.13.  APPRAISAL OFFICE [~~DISTRICT~~] RECORDS. The preservation, microfilming, destruction, or other disposition of the records of each appraisal office [~~district~~] is subject to the requirements of Subtitle C, Title 6, Local Government Code, and rules adopted under that subtitle.

SECTION 18.  Sections 6.14(a) and (b), Tax Code, are amended to read as follows:

(a)  On the written request of the Texas Legislative Council, an appraisal office [~~district~~] that maintains its appraisal records in electronic format shall provide a copy of the information or data maintained in the office's [~~district's~~] appraisal records to the council without charge.

(b)  The appraisal office [~~district~~] shall provide the requested information or data to the council as soon as practicable but not later than the 30th day after the date the request is received by the office [~~district~~].

SECTION 19.  Sections 6.24(a) and (b), Tax Code, are amended to read as follows:

(a)  The governing body of a taxing unit other than a county may contract as provided by Chapter 791, Government Code, [~~the Interlocal Cooperation Act~~] with the governing body of another taxing unit or with the county assessor-collector who governs [~~board of directors of~~] an appraisal office [~~district~~] for the other taxing unit or the office [~~district~~] to perform duties relating to the assessment or collection of taxes.

(b)  The commissioners court of a county with the approval of the county assessor-collector may contract as provided by Chapter 791, Government Code, [~~the Interlocal Cooperation Act~~] with the governing body of another taxing unit in the county [~~or with the board of directors of the appraisal district~~] for the other taxing unit [~~or the district~~] to perform duties relating to the assessment or collection of taxes for the county. The commissioners court may contract as provided by Chapter 791, Government Code, with the county assessor-collector for the appraisal office established for the county to perform duties relating to the assessment or collection of taxes for the county. If a county contracts to have its taxes assessed and collected by another taxing unit or by the appraisal office [~~district, except as provided by Subsection (c)~~], the contract shall require the other taxing unit or the office [~~district~~] to assess and collect all taxes the county is required to assess and collect.

SECTION 20.  Sections 6.26(a), (b), (c), (e), (f), and (j), Tax Code, are amended to read as follows:

(a)  The qualified voters residing in the county for which an appraisal office is established [~~district~~] by petition submitted to the county clerk of the county [~~principally served by the appraisal district~~] may require that an election be held to determine whether or not to require the appraisal office [~~district~~], the county assessor-collector, or a specified taxing unit within the county [~~appraisal district~~] to assess, collect, or assess and collect property taxes on property appraised by the office [~~district~~] for all taxing units.

(b)  The qualified voters of a taxing unit that assesses, collects, or assesses and collects its own property taxes by petition submitted to the governing body of the taxing unit may require that an election be held to determine whether or not to require the appraisal office [~~district~~], the county assessor-collector, or another taxing unit that is assessing and collecting property taxes to assess, collect, or assess and collect the taxing unit's property taxes.

(c)  A petition is valid if:

(1)  it states that it is intended to require an election in the county for which the appraisal office is established [~~district~~] or in the taxing unit on the question of consolidation of assessing or collecting functions or both;

(2)  it states the functions to be consolidated and identifies the entity or office that will be required to perform the functions; and

(3)  it is signed by a number of qualified voters equal to at least 10 percent of the number of qualified voters, according to the most recent official list of qualified voters, residing in the county for which the appraisal office is established [~~district~~], if the petition is authorized by Subsection (a) [~~of this section~~], or in the taxing unit, if the petition is authorized by Subsection (b) [~~of this section~~], or by 10,000 qualified voters, whichever number is less.

(e)  If the commissioners court or the governing body finds that the petition is valid, it shall order that an election be held in the county for which the appraisal office is established [~~district~~] or in the taxing unit on the next uniform election date prescribed by the [~~Texas~~] Election Code that is more than 60 days after the last day on which it could have acted to approve or disapprove the petition. At the election, the ballots shall be prepared to permit voting for or against the proposition: "Requiring the (name of entity or office) to (assess, collect, or assess and collect, as applicable) property taxes for (all taxing units in [~~the appraisal district for~~] \_\_\_\_\_\_\_\_\_\_\_\_\_ County [~~county~~] or name of taxing unit or taxing units, as applicable)."

(f)  If a majority of the qualified voters voting on the question in the election favor the proposition, the entity or office named by the ballot shall perform the functions named by the ballot beginning with the next time property taxes are assessed or collected, as applicable, that is more than 90 days after the date of the election. If the governing bodies, [~~(~~]and the county assessor-collector who governs the appraisal office [~~district board of directors~~] when the office [~~district~~] is involved,[~~)~~] agree, a function may be consolidated when performance of the function begins in less than 90 days after the date of the election.

(j)  An appraisal office [~~district~~] may not be required by an election to assess, collect, or assess and collect taxes on property outside the [~~district's~~] boundaries of the county for which the office is established. A taxing unit may not be required by an election to assess, collect, or assess and collect taxes on property outside the boundaries of the county for which the appraisal office [~~district~~] that appraises property for the taxing unit is established.

SECTION 21.  Section 6.29(b), Tax Code, is amended to read as follows:

(b)  A taxing unit whose taxes are collected by the collector for another taxing unit, by an officer or employee of another taxing unit or of an appraisal office [~~district~~], or by any other person other than the taxing unit's own collector may require that collector, officer, employee, or other person to give bond conditioned on the faithful performance of that person's [~~his~~] duties. To be effective, the bond must be made payable to and must be approved by and paid for by the governing body of the taxing unit requiring bond in an amount determined by the governing body. The governing body may prescribe additional requirements for the bond.

SECTION 22.  Section 6.41, Tax Code, is amended to read as follows:

Sec. 6.41.  APPRAISAL REVIEW BOARD. (a) The appraisal review board is established for each appraisal office [~~district~~].

(b)  The board consists of three members. However, the county assessor-collector who governs the appraisal office [~~district board of directors by resolution of a majority of its members~~] may increase the size of the appraisal review board to the number of members the county assessor-collector [~~board of directors~~] considers appropriate.

(c)  To be eligible to serve on the board, an individual must be a resident of the county for which the appraisal office is established [~~district~~] and must have resided in the county [~~district~~] for at least two years.

(d)  Members [~~Except as provided by Subsection (d-1), members~~] of the board are appointed by majority vote of the state senators and state representatives whose districts contain any part of the territory included in the county for which [~~resolution of a majority of~~] the appraisal office is established in the manner provided by the county assessor-collector who governs the office [~~district board of directors~~]. Each state senator and state representative is entitled to one vote for a candidate for each position to be filled on the board. A vacancy on the board is filled in the same manner for the unexpired portion of the term.

(e)  [~~(d-1)  In a county with a population of 120,000 or more the members of the board are appointed by the local administrative district judge under Subchapter D, Chapter 74, Government Code, in the county in which the appraisal district is established.~~] All applications submitted to the appraisal office [~~district~~] or to the [~~appraisal review~~] board from persons seeking appointment as a member of the [~~appraisal review~~] board shall be delivered to the pertinent state senators and state representatives [~~local administrative district judge~~]. The appraisal office [~~district~~] may provide the state senators and state representatives [~~local administrative district judge~~] with information regarding whether an applicant for appointment to or a member of the board owes any delinquent ad valorem taxes to a taxing unit participating in the appraisal office [~~district~~].

(f)  [~~(d-2)  A local administrative district judge making appointments under Subsection (d-1) may make such appointments directly or may, by written order, appoint from three to five persons to perform the duties of appraisal review board commissioner. If the local administrative district judge chooses to appoint appraisal review board commissioners, each commissioner shall possess the same qualifications as those required of an appraisal review board member.~~

[~~(d-3)~~]  The appraisal office [~~local administrative judge making appointments under Subsection (d-1)~~] shall [~~cause the proper officer to~~] notify the persons appointed to the board of their [~~such appointees of such~~] appointment[~~,~~] and when and where they are to appear.

(g)  [~~(d-4)  If appraisal review board commissioners are appointed under Subsection (d-2), they shall meet as directed by the local administrative district judge in order to complete their duties.~~

[~~(d-5)~~]  The appraisal office [~~district of the county~~] shall provide to the pertinent state senators and state representatives [~~local administrative district judge, or to the appraisal review board commissioners, as the case may be,~~] the number of [~~appraisal review~~] board positions that require appointment and shall provide whatever reasonable assistance is requested by the state senators and state representatives to make the appointments [~~local administrative district judge or the commissioners~~].

(h)  [~~(d-6)  An appraisal review board commissioner is not disqualified from serving as a member of the appraisal review board.~~

[~~(d-7)  If appraisal review board commissioners are appointed under this section, the commissioners shall return a list of proposed appraisal review board members to the local administrative district judge at a time directed by such local administrative judge, but in no event later than January 1 of each year. Such list shall be composed of no less than five (5) names in excess of the number of appraisal review board positions to be filled by the local administrative district judge. The local administrative judge may accept the proposed names, or reject the proposed list and return the proposed list to the commissioners upon which the commissioners shall propose a revised list until the local administrative judge accepts the list.~~

[~~(d-8)  Any appraisal review board commissioners appointed pursuant to this section shall hold office for a term of one year beginning January 1. A commissioner may be appointed to successive terms at the discretion of the local administrative district judge.~~

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

[~~(e)~~]  Members of the board hold office for terms of two years beginning January 1. The county assessor-collector who governs the appraisal office [~~district board of directors by resolution~~] shall provide for staggered terms, so that the terms of as close to one-half of the members as possible expire each year. [~~In making the initial or subsequent appointments, the board of directors or the local administrative district judge or the judge's designee shall designate those members who serve terms of one year as needed to comply with this subsection.~~]

(i) [~~(f)~~]  A member of the board may be removed from the board by a majority vote of the state senators and state representatives [~~appraisal district board of directors, or by the local administrative district judge or the judge's designee, as applicable,~~] that appointed the member. Grounds for removal are:

(1)  a violation of Section 6.412, 6.413, 41.66(f), or 41.69;

(2)  good cause relating to the attendance of members at called meetings of the board as established by written policy adopted by the county assessor-collector who governs [~~a majority of~~] the appraisal office [~~district board of directors~~]; or

(3)  clear and convincing evidence of repeated bias or misconduct.

(j) [~~(g)~~]  Subsection (a) does not preclude the county assessor-collectors who govern the appraisal offices established for [~~boards of directors of~~] two or more adjoining counties [~~appraisal districts~~] from providing for the operation of a consolidated appraisal review board by interlocal contract.

(k) [~~(h)~~]  When [~~adjoining~~] appraisal offices established for two or more adjoining counties [~~districts~~] by interlocal contract have provided for the operation of a consolidated appraisal review board:

(1)  a reference in this or another section of this code to the appraisal office [~~district~~] means the [~~adjoining~~] appraisal offices established for the adjoining counties [~~districts~~];

(2)  a reference in this or another section of this code to the county assessor-collector who governs the appraisal office [~~district board of directors~~] means the county assessor-collectors who govern [~~boards of directors of~~] the [~~adjoining~~] appraisal offices established for the adjoining counties [~~districts~~];

(3)  a provision of this code that applies to an appraisal review board also applies to the consolidated appraisal review board; and

(4)  a reference in this code to the appraisal review board shall be construed to also refer to the consolidated appraisal review board.

(l)  [~~(i) This subsection applies only to an appraisal district described by Subsection (d-1).~~] A chief appraiser or another employee or agent of the appraisal office [~~district~~], a member of the appraisal review board for the appraisal office [~~district~~], the county assessor-collector who governs [~~a member of the board of directors of~~] the appraisal office [~~district~~], a property tax consultant, or an agent of a property owner commits an offense if the person communicates with a state senator or state representative whose district contains any part of the territory included in the county for which the appraisal office is established [~~the local administrative district judge~~] regarding the appointment of appraisal review board members. This subsection does not apply to:

(1)  a communication between a member of the appraisal review board and a state senator or state representative [~~the local administrative district judge~~] regarding the member's reappointment to the board;

(2)  a communication between the taxpayer liaison officer for the appraisal office [~~district~~] and a state senator or state representative [~~the local administrative district judge~~] in the course of the performance of the officer's clerical duties so long as the officer does not offer an opinion or comment regarding the appointment of appraisal review board members;

(3)  a communication between a chief appraiser or another employee or agent of the appraisal office [~~district~~], a member of the appraisal review board for the appraisal office [~~district~~], or the county assessor-collector who governs [~~a member of the board of directors of~~] the appraisal office [~~district~~] and a state senator or state representative [~~the local administrative district judge~~] regarding information relating to or described by Subsection (e), (g), or (i) [~~(d-1), (d-5), or (f)~~] of this section or Section 411.1296, Government Code; or

(4)  a communication between a property tax consultant or a property owner or an agent of the property owner and the taxpayer liaison officer for the appraisal office [~~district~~] regarding information relating to or described by Subsection (i) [~~(f)~~].

(m)  The taxpayer liaison officer for the appraisal office [~~district~~] shall report the contents of the communication [~~relating to or~~] described by Subsection (l)(4) [~~(f)~~] to the pertinent state senators and state representatives [~~local administrative district judge~~].

(n) [~~(j)~~]  A chief appraiser or another employee or agent of an appraisal office [~~district~~] commits an offense if the person communicates with a member of the appraisal review board for the appraisal office [~~district~~], the county assessor-collector who governs [~~a member of the board of directors of~~] the appraisal office [~~district~~], or a state senator or state representative whose district contains any part of the territory included in the county for which [~~, if~~] the appraisal office is established [~~district is an appraisal district described by Subsection (d-1), the local administrative district judge~~] regarding a ranking, scoring, or reporting of the percentage by which the appraisal review board or a panel of the board reduces the appraised value of property.

(o) [~~(k)~~]  An offense under Subsection (l) or (n) [~~(i) or (j)~~] is a Class A misdemeanor.

SECTION 23.  Sections 6.411(a), (b), and (c-1), Tax Code, are amended to read as follows:

(a)  A member of an appraisal review board commits an offense if the member communicates with the chief appraiser or another employee or the county assessor-collector who governs [~~a member of the board of directors of~~] the appraisal office [~~district~~] for which the appraisal review board is established in violation of Section 41.66(f).

(b)  A chief appraiser or another employee of an appraisal office [~~district~~], the county assessor-collector who governs [~~a member of a board of directors of~~] an appraisal office [~~district~~], or a property tax consultant or attorney representing a party to a proceeding before the appraisal review board commits an offense if the person communicates with a member of the appraisal review board established for the appraisal office [~~district~~] with the intent to influence a decision by the member in the member's capacity as a member of the appraisal review board.

(c-1)  This section does not apply to communications with a member of an appraisal review board by the chief appraiser or another employee or the county assessor-collector who governs [~~a member of the board of directors of~~] an appraisal office [~~district~~] or a property tax consultant or attorney representing a party to a proceeding before the appraisal review board:

(1)  during a hearing on a protest or other proceeding before the appraisal review board;

(2)  that constitute social conversation;

(3)  that are specifically limited to and involve administrative, clerical, or logistical matters related to the scheduling and operation of hearings, the processing of documents, the issuance of orders, notices, and subpoenas, and the operation, appointment, composition, or attendance at training of the appraisal review board; or

(4)  that are necessary and appropriate to enable the county assessor-collector who governs [~~board of directors of~~] the appraisal office or the pertinent state senators and state representatives [~~district~~] to determine whether to appoint, reappoint, or remove a person as a member or the chairman or secretary of the appraisal review board.

SECTION 24.  Sections 6.412(a), (b), (c), and (d), Tax Code, are amended to read as follows:

(a)  An individual is ineligible to serve on an appraisal review board if the individual:

(1)  is related within the second degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to an individual who is engaged in the business of appraising property for compensation for use in proceedings under this title or of representing property owners for compensation in proceedings under this title in the appraisal office [~~district~~] for which the appraisal review board is established;

(2)  owns property on which delinquent taxes have been owed to a taxing unit for more than 60 days after the date the individual knew or should have known of the delinquency unless:

(A)  the delinquent taxes and any penalties and interest are being paid under an installment payment agreement under Section 33.02; or

(B)  a suit to collect the delinquent taxes is deferred or abated under Section 33.06 or 33.065; or

(3)  is related within the third degree by consanguinity or within the second degree by affinity, as determined under Chapter 573, Government Code, to the county assessor-collector who governs [~~a member of~~] the appraisal office [~~district's board of directors~~].

(b)  A member of an appraisal review board commits an offense if the board member continues to hold office knowing that an individual related within the second degree by consanguinity or affinity, as determined under Chapter 573, Government Code, to the board member is engaged in the business of appraising property for compensation for use in proceedings under this title or of representing property owners for compensation in proceedings under this title in the appraisal office [~~district~~] for which the appraisal review board is established. An offense under this subsection is a Class B misdemeanor.

(c)  A person is ineligible to serve on the appraisal review board if the person is the county assessor-collector who governs the appraisal office [~~a member of the board of directors~~], an officer[~~,~~] or employee of the appraisal office [~~district~~], an employee of the comptroller, or a member of the governing body, officer, or employee of a taxing unit.

(d)  A person is ineligible to serve on the appraisal review board of an appraisal office [~~district~~] established for a county having a population of more than 100,000 if the person:

(1)  is a former county assessor-collector who governed the appraisal office or a [~~member of the board of directors,~~] former officer[~~,~~] or former employee of the appraisal office [~~district~~];

(2)  served as a member of the governing body or officer of a taxing unit for which the appraisal office [~~district~~] appraises property, until the fourth anniversary of the date the person ceased to be a member or officer; or

(3)  appeared before the appraisal review board for compensation during the two-year period preceding the date the person is appointed.

SECTION 25.  Sections 6.413(a), (b), and (c), Tax Code, are amended to read as follows:

(a)  An individual is not eligible to be appointed to or to serve on the appraisal review board established for an appraisal office [~~district~~] if the individual or a business entity in which the individual has a substantial interest is a party to a contract with the appraisal office [~~district~~] or with a taxing unit that participates in the appraisal office [~~district~~].

(b)  An appraisal office [~~district~~] may not enter into a contract with a member of the appraisal review board established for the appraisal office [~~district~~] or with a business entity in which a member of the appraisal review board has a substantial interest.

(c)  A taxing unit may not enter into a contract with a member of the appraisal review board established for an appraisal office [~~district~~] in which the taxing unit participates or with a business entity in which a member of the appraisal review board has a substantial interest.

SECTION 26.  Sections 6.414(a) and (f), Tax Code, are amended to read as follows:

(a)  The county assessor-collector who governs [~~board of directors of~~] an appraisal office [~~district by resolution of a majority of the members~~] may provide for a number of auxiliary appraisal review board members that the county assessor-collector [~~board~~] considers appropriate to hear taxpayer protests before the appraisal review board and to assist the board in performing its duties.

(f)  An auxiliary board member is entitled to compensation as provided by the appraisal office [~~district~~] budget and is not entitled to a per diem or reimbursement of expenses under Section 6.42(c).

SECTION 27.  Sections 6.42(a) and (c), Tax Code, are amended to read as follows:

(a)  A majority of the appraisal review board constitutes a quorum. The county assessor-collector who governs [~~board of directors of~~] the appraisal office [~~district by resolution~~] shall select a chairman and a secretary from among the members of the appraisal review board. The county assessor-collector who governs [~~board of directors of~~] the appraisal office [~~district~~] is encouraged to select as chairman of the appraisal review board a member of the appraisal review board, if any, who has a background in law and property appraisal.

(c)  Members of the board are entitled to per diem set by the appraisal office [~~district~~] budget for each day the board meets and to reimbursement for actual and necessary expenses incurred in the performance of board functions as provided by the office [~~district~~] budget.

SECTION 28.  Sections 6.43(a), (b), (c), and (e), Tax Code, are amended to read as follows:

(a)  The appraisal review board may employ legal counsel as provided by the appraisal office [~~district~~] budget or use the services of the county attorney.

(b)  Except as provided by Subsection (c), an attorney may not serve as legal counsel for the appraisal review board if the attorney or a member of the attorney's law firm has during the year before the date of the appraisal review board's hiring of the attorney represented a property owner who owns property in the county for which the appraisal office is established [~~district~~], a taxing unit that participates in the appraisal office [~~district~~], or the appraisal office [~~district~~] in a matter addressed by Section 1.111 or 25.25 of this code, Subtitle F of this title, or Subchapter Z, Chapter 2003, Government Code.

(c)  The county attorney for the county in which the appraisal office [~~district~~] is established may provide legal services to the appraisal review board notwithstanding that the county attorney or an assistant to the county attorney represents or has represented the appraisal office [~~district~~] or a taxing unit that participates in the appraisal office [~~district~~] in any matter.

(e)  An appraisal office [~~district~~] may specify in its budget whether the appraisal review board may employ legal counsel or must use the services of the county attorney. If the budget authorizes the board to employ legal counsel, the budget must provide for reasonable compensation to be paid to the attorney serving as legal counsel. An appraisal office [~~district~~] may not require the board to employ a specific attorney as legal counsel.

SECTION 29.   Section 11.01, Tax Code, is amended to read as follows:

Sec. 11.01.  REAL [~~AND TANGIBLE PERSONAL~~] PROPERTY. (a) All real [~~and tangible personal~~] property that this state has jurisdiction to tax is taxable unless exempt by law.

(b)  This state has jurisdiction to tax real property if located in this state.

(c)  For a tax year that begins after December 31, 2021, tangible personal property is not taxable.

(d)  On and after January 1, 2022, a provision of this code or another law that would otherwise apply to the taxation of tangible personal property for a tax year that begins after December 31, 2021, has no effect for that tax year.

(e)  Subsections (c) and (d) do not apply to personal property taxable under Section 1(l), Article VIII, Texas Constitution. [~~This state has jurisdiction to tax tangible personal property if the property is:~~

[~~(1)  located in this state for longer than a temporary period;~~

[~~(2)  temporarily located outside this state and the owner resides in this state; or~~

[~~(3)  used continually, whether regularly or irregularly, in this state.~~

[~~(d)  Tangible personal property that is operated or located exclusively outside this state during the year preceding the tax year and on January 1 of the tax year is not taxable in this state.~~

[~~(e)  For purposes of Subsection (c)(3), property is considered to be used continually, whether regularly or irregularly, in this state if the property is used in this state three or more times on regular routes or for three or more completed assignments occurring in close succession throughout the year. For purposes of this subsection, a series of events are considered to occur in close succession throughout the year if they occur in sequence within a short period at intervals from the beginning to the end of the year.~~]

SECTION 30.  Section 11.18(a), Tax Code, is amended to read as follows:

(a)  An organization that qualifies as a charitable organization as provided by this section is entitled to an exemption from taxation of:

(1)  the buildings [~~and tangible personal property~~] that:

(A)  are owned by the charitable organization; and

(B)  except as permitted by Subsection (b), are used exclusively by qualified charitable organizations; and

(2)  the real property owned by the charitable organization consisting of:

(A)  an incomplete improvement that:

(i)  is under active construction or other physical preparation; and

(ii)  is designed and intended to be used exclusively by qualified charitable organizations; and

(B)  the land on which the incomplete improvement is located that will be reasonably necessary for the use of the improvement by qualified charitable organizations.

SECTION 31.  Section 11.181(c), Tax Code, is amended to read as follows:

(c)  An organization entitled to an exemption under Subsection (a) is also entitled to an exemption from taxation of any building [~~or tangible personal property~~] the organization owns and uses in the administration of its acquisition, building, repair, or sale of property. To qualify for an exemption under this subsection, property must be used exclusively by the charitable organization, except that another individual or organization may use the property for activities incidental to the charitable organization's use that benefit the beneficiaries of the charitable organization.

SECTION 32.  Section 11.182(f), Tax Code, is amended to read as follows:

(f)  An organization entitled to an exemption under Subsection (b) is also entitled to an exemption from taxation of any building [~~or tangible personal property~~] the organization owns and uses in the administration of its acquisition, building, repair, sale, or rental of property. To qualify for an exemption under this subsection, property must be used exclusively by the organization, except that another person may use the property for activities incidental to the organization's use that benefit the beneficiaries of the organization.

SECTION 33.  Section 11.1827(d), Tax Code, is amended to read as follows:

(d)  A community land trust entitled to an exemption from taxation by a taxing unit under Subsection (b) is also entitled to an exemption from taxation by the taxing unit of any real [~~or tangible personal~~] property the trust owns and uses in the administration of its acquisition, construction, repair, sale, or leasing of property. To qualify for an exemption under this subsection, property must be used exclusively by the trust, except that another person may use the property for activities incidental to the trust's use that benefit the beneficiaries of the trust.

SECTION 34.  Section 11.184(c), Tax Code, is amended to read as follows:

(c)  A qualified charitable organization is entitled to an exemption from taxation of:

(1)  the buildings and other real property [~~and the tangible personal property~~] that:

(A)  are owned by the organization; and

(B)  except as permitted by Subsection (d), are used exclusively by the organization and other organizations eligible for an exemption from taxation under this section or Section 11.18; and

(2)  the real property owned by the organization consisting of:

(A)  an incomplete improvement that:

(i)  is under active construction or other physical preparation; and

(ii)  is designed and intended to be used exclusively by the organization and other organizations eligible for an exemption from taxation under this section or Section 11.18; and

(B)  the land on which the incomplete improvement is located that will be reasonably necessary for the use of the improvement by the organization and other organizations eligible for an exemption from taxation under this section or Section 11.18.

SECTION 35.  Section 11.185(c), Tax Code, is amended to read as follows:

(c)  An organization entitled to an exemption under Subsection (a) is also entitled to an exemption from taxation of any building [~~or tangible personal property~~] the organization owns and uses in the administration of its acquisition, building, repair, or sale of property. To qualify for an exemption under this subsection, property must be used exclusively by the charitable organization, except that another individual or organization may use the property for activities incidental to the charitable organization's use that benefit the beneficiaries of the charitable organization.

SECTION 36.  Sections 11.20(a), (d), (f), (g), (h), (j), and (k), Tax Code, are amended to read as follows:

(a)  An organization that qualifies as a religious organization as provided by Subsection (c) is entitled to an exemption from taxation of:

(1)  the real property that is owned by the religious organization, is used primarily as a place of regular religious worship, and is reasonably necessary for engaging in religious worship;

(2)  [~~the tangible personal property that is owned by the religious organization and is reasonably necessary for engaging in worship at the place of worship specified in Subdivision (1);~~

[~~(3)~~]  the real property that is owned by the religious organization and is reasonably necessary for use as a residence (but not more than one acre of land for each residence) if the property:

(A)  is used exclusively as a residence for those individuals whose principal occupation is to serve in the clergy of the religious organization; and

(B)  produces no revenue for the religious organization;

(3) [~~(4)  the tangible personal property that is owned by the religious organization and is reasonably necessary for use of the residence specified by Subdivision (3);~~

[~~(5)~~]  the real property owned by the religious organization consisting of:

(A)  an incomplete improvement that is under active construction or other physical preparation and that is designed and intended to be used by the religious organization as a place of regular religious worship when complete; and

(B)  the land on which the incomplete improvement is located that will be reasonably necessary for the religious organization's use of the improvement as a place of regular religious worship;

(4) [~~(6)~~]  the land that the religious organization owns for the purpose of expansion of the religious organization's place of regular religious worship or construction of a new place of regular religious worship if:

(A)  the religious organization qualifies other property, including a portion of the same tract or parcel of land, owned by the organization for an exemption under Subdivision (1) or (3) [~~(5)~~]; and

(B)  the land produces no revenue for the religious organization; and

(5) [~~(7)~~]  the real property owned by the religious organization that is leased to another person and used by that person for the operation of a school that qualifies as a school under Section 11.21(d).

(d)  Use of property that qualifies for the exemption prescribed by Subsection (a)(1) [~~or (2)~~] or by Subsection (h)(1) for occasional secular purposes other than religious worship does not result in loss of the exemption if the primary use of the property is for religious worship and all income from the other use is devoted exclusively to the maintenance and development of the property as a place of religious worship.

(f)  A property may not be exempted under Subsection (a)(3) [~~(a)(5)~~] for more than three years.

(g)  For purposes of Subsection (a)(3) [~~(a)(5)~~], an incomplete improvement is under physical preparation if the religious organization has engaged in architectural or engineering work, soil testing, land clearing activities, or site improvement work necessary for the construction of the improvement or has conducted an environmental or land use study relating to the construction of the improvement.

(h)  Property owned by this state or a political subdivision of this state, including a leasehold or other possessory interest in the property, that is held or occupied by an organization that qualifies as a religious organization as provided by Subsection (c) is entitled to an exemption from taxation if the property:

(1)  is used by the organization primarily as a place of regular religious worship and is reasonably necessary for engaging in religious worship; or

(2)  meets the qualifications for an exemption under Subsection (a)(3) [~~(a)(5)~~].

(j)  A tract of land that is contiguous to the tract of land on which the religious organization's place of regular religious worship is located may not be exempted under Subsection (a)(4) [~~(a)(6)~~] for more than six years. A tract of land that is not contiguous to the tract of land on which the religious organization's place of regular religious worship is located may not be exempted under Subsection (a)(4) [~~(a)(6)~~] for more than three years. For purposes of this subsection, a tract of land is considered to be contiguous with another tract of land if the tracts are divided only by a road, railroad track, river, or stream.

(k)  For purposes of Subsection (a)(4) [~~(a)(6)~~], an application or statement accompanying an application for the exemption stating that the land is owned for the purposes described by Subsection (a)(4) [~~(a)(6)~~] and signed by an authorized officer of the organization is sufficient to establish that the land is owned for those purposes.

SECTION 37.  Sections 11.201(a) and (c), Tax Code, are amended to read as follows:

(a)  If land is sold or otherwise transferred to another person in a year in which the land receives an exemption under Section 11.20(a)(4) [~~11.20(a)(6)~~], an additional tax is imposed on the land equal to the tax that would have been imposed on the land had the land been taxed for each of the five years preceding the year in which the sale or transfer occurs in which the land received an exemption under that subsection, plus interest at an annual rate of seven percent calculated from the dates on which the taxes would have become due.

(c)  If only part of a parcel of land that is exempted under Section 11.20(a)(4) [~~11.20(a)(6)~~] is sold or transferred, the tax applies only to that part of the parcel and equals the taxes that would have been imposed had that part been taxed.

SECTION 38.  Sections 11.21(a), (b), and (f), Tax Code, are amended to read as follows:

(a)  A person is entitled to an exemption from taxation of:

(1)  the buildings [~~and tangible personal property~~] that the person owns and that are used for a school that is qualified as provided by Subsection (d) if:

(A)  the school is operated exclusively by the person owning the property;

(B)  except as permitted by Subsection (b), the buildings [~~and tangible personal property~~] are used exclusively for educational functions; and

(C)  the buildings [~~and tangible personal property~~] are reasonably necessary for the operation of the school; and

(2)  the real property owned by the person consisting of:

(A)  an incomplete improvement that:

(i)  is under active construction or other physical preparation; and

(ii)  is designed and intended to be used for a school that is qualified as provided by Subsection (d); and

(B)  the land on which the incomplete improvement is located that will be reasonably necessary for the use of the improvement for a school that is qualified as provided by Subsection (d).

(b)  Use of exempt [~~tangible~~] property for functions other than educational functions does not result in loss of an exemption authorized by this section if those other functions are incidental to use of the property for educational functions and benefit the students or faculty of the school.

(f)  Notwithstanding Subsection (a), a person is entitled to an exemption from taxation of the buildings [~~and tangible personal property~~] the person acquires for use for a school that meets each requirement of Subsection (d) if:

(1)  the person authorizes the former owner to continue to use the property pending the use of the property for a school; and

(2)  the former owner would be entitled to an exemption from taxation of the property if the former owner continued to own the property.

SECTION 39.  Section 11.23(m), Tax Code, is amended to read as follows:

(m)  National Hispanic Institute.  The National Hispanic Institute is entitled to an exemption from taxation of the real [~~and tangible personal~~] property it owns as long as the organization is exempt from federal income taxation under Section 501(a), Internal Revenue Code of 1986, as an organization described by Section 501(c)(3) of that code.

SECTION 40.  Section 11.231(b), Tax Code, is amended to read as follows:

(b)  An association that qualifies as a nonprofit community business organization as provided by this section is entitled to an exemption from taxation of:

(1)  the buildings [~~and tangible personal property~~] that:

(A)  are owned by the nonprofit community business organization; and

(B)  except as permitted by Subsection (c), are used exclusively by qualified nonprofit community business organizations to perform their primary functions; and

(2)  the real property owned by the nonprofit community business organization consisting of:

(A)  an incomplete improvement that:

(i)  is under active construction or other physical preparation; and

(ii)  is designed and intended to be used exclusively by qualified nonprofit community business organizations; and

(B)  the land on which the incomplete improvement is located that will be reasonably necessary for the use of the improvement by qualified nonprofit community business organizations.

SECTION 41.  Sections 11.43(a), (b), (c), and (e), Tax Code, are amended to read as follows:

(a)  To receive an exemption, a person claiming the exemption, other than an exemption authorized by Section 11.11, 11.12, or [~~11.14, 11.145,~~] 11.146[~~, 11.15, 11.16, 11.161, or 11.25 of this code~~], must apply for the exemption. To apply for an exemption, a person must file an exemption application form with the chief appraiser for the [~~each~~] appraisal office established for each county [~~district~~] in which the property subject to the claimed exemption has situs.

(b)  Except as provided by Subsection (c) and by Section [~~Sections~~] 11.184 [~~and 11.437~~], a person required to apply for an exemption must apply each year the person claims entitlement to the exemption.

(c)  An exemption provided by Section 11.13, 11.131, 11.132, 11.133, 11.134, 11.17, 11.18, 11.182, 11.1827, 11.183, 11.19, 11.20, 11.21, 11.22, 11.23(a), (h), (j), (j-1), or (m), 11.231, [~~11.254,~~] 11.27, [~~11.271,~~] 11.29, 11.30, or 11.31, [~~or 11.315,~~] once allowed, need not be claimed in subsequent years, and except as otherwise provided by Subsection (e), the exemption applies to the property until it changes ownership or the person's qualification for the exemption changes. However, except as provided by Subsection (r), the chief appraiser may require a person allowed one of the exemptions in a prior year to file a new application to confirm the person's current qualification for the exemption by delivering a written notice that a new application is required, accompanied by an appropriate application form, to the person previously allowed the exemption. If the person previously allowed the exemption is 65 years of age or older, the chief appraiser may not cancel the exemption due to the person's failure to file the new application unless the chief appraiser complies with the requirements of Subsection (q), if applicable.

(e)  Except as provided by Section 11.422, 11.431, 11.433, 11.434, 11.435, or 11.439, [~~or 11.4391,~~] if a person required to apply for an exemption in a given year fails to file timely a completed application form, the person may not receive the exemption for that year.

SECTION 42.  Section 21.06(a), Tax Code, is amended to read as follows:

(a)  Except as provided by Section 21.08 [~~Sections 21.07 through 21.09 of this code~~], intangible property is taxable by a taxing unit if the owner of the property resides in the unit on January 1, unless the property normally is used in this state for business purposes outside the unit. In that event, the intangible property is taxable by each taxing unit in which the property normally is used for business purposes.

SECTION 43.  Sections 22.01(a), (b), (c), (c-2), (f), and (g), Tax Code, are amended to read as follows:

(a)  [~~Except as provided by Chapter 24, a person shall render for taxation all tangible personal property used for the production of income that the person owns or that the person manages and controls as a fiduciary on January 1.~~] A rendition statement shall contain:

(1)  the name and address of the property owner;

(2)  a description of the property by type or category;

(3)  [~~if the property is inventory, a description of each type of inventory and a general estimate of the quantity of each type of inventory;~~

[~~(4)~~]  the physical location or taxable situs of the property; and

(4) [~~(5)~~]  the property owner's good faith estimate of the market value of the property or, at the option of the property owner, the historical cost when new and the year of acquisition of the property.

(b)  When required by the chief appraiser, a person shall render for taxation any [~~other~~] taxable property that the person [~~he~~] owns or that the person [~~he~~] manages and controls as a fiduciary on January 1.

(c)  A person may render for taxation any property that the person [~~he~~] owns or that the person [~~he~~] manages and controls as a fiduciary on January 1, although the person [~~he~~] is not required to render it by Subsection [~~(a) or~~] (b) [~~of this section~~].

(c-2)  With the consent of the property owner, a secured party may render for taxation any property of the property owner in which the secured party has a security interest on January 1, although the secured party is not required to render the property by Subsection [~~(a) or~~] (b). This subsection applies only to property that has a historical cost when new of more than $50,000.

(f)  Notwithstanding Subsection [~~Subsections~~] (a) [~~and (b)~~], a rendition statement of a person who owns [~~tangible personal~~] property [~~used for the production of income~~] located in the county for which the appraisal office is established [~~district~~] that, in the owner's opinion, has an aggregate value of less than $20,000 is required to contain only:

(1)  the name and address of the property owner;

(2)  a general description of the property by type or category; and

(3)  the physical location or taxable situs of the property.

(g)  A person's good faith estimate of the market value of the property under Subsection (a)(4) [~~(a)(5)~~] is solely for the purpose of compliance with any [~~the~~] requirement to render [~~tangible personal~~] property and is inadmissible in any subsequent protest, hearing, appeal, suit, or other proceeding under this title involving the property, except for:

(1)  a proceeding to determine whether the person complied with this section;

(2)  a proceeding under Section 22.29(b); or

(3)  a protest under Section 41.41.

SECTION 44.  Section 22.02, Tax Code, is amended to read as follows:

Sec. 22.02.  RENDITION OF PROPERTY LOSING EXEMPTION DURING TAX YEAR [~~OR FOR WHICH EXEMPTION APPLICATION IS DENIED~~]. [~~(a)~~] If an exemption applicable to a property on January 1 terminates during the tax year, the person who owns or acquires the property on the date applicability of the exemption terminates shall render the property for taxation within 30 days after the date of termination.

[~~(b)  If the chief appraiser denies an application for an exemption for property described by Section 22.01(a), the person who owns the property on the date the application is denied shall render the property for taxation in the manner provided by Section 22.01 within 30 days after the date of denial.~~]

SECTION 45.  Section 22.05, Tax Code, is amended to read as follows:

Sec. 22.05.  RENDITION BY RAILROAD.  (a)  A [~~In addition to other reports required by Chapter 24 of this code, a~~] railroad corporation shall render the real property the railroad corporation owns or possesses as of January 1.

(b)  The rendition shall:

(1)  list all real property other than the property covered by Subdivision (2) [~~of this subsection~~]; and

(2)  list the number of miles of railroad together with the market value per mile, which value shall include right-of-way, roadbed, superstructure, and all buildings and improvements used in the operation of the railroad[~~; and~~

[~~(3)  list all personal property as required by Section 22.01 of this code~~].

SECTION 46.  The heading to Section 22.07, Tax Code, is amended to read as follows:

Sec. 22.07.  STATEMENT INDICATING HOW VALUE RENDERED [~~INSPECTION OF PROPERTY~~].

SECTION 47.  Section 22.07, Tax Code, is amended by amending Subsection (c) and adding Subsection (c-1) to read as follows:

(c)  The chief appraiser may request, either in writing or by electronic means, that the property owner provide a statement containing supporting information indicating how the value rendered under Section 22.01(a)(4) [~~22.01(a)(5)~~] was determined. The statement must:

(1)  summarize information sufficient to identify the property, including:

(A)  the physical and economic characteristics relevant to the opinion of value, if appropriate; and

(B)  the source of the information used;

(2)  state the effective date of the opinion of value; and

(3)  explain the basis of the value rendered.

(c-1)  If the property owner is a business with 50 employees or less, the property owner may base the estimate of value on the depreciation schedules used for federal income tax purposes.

SECTION 48.  Section 23.01(f), Tax Code, is amended to read as follows:

(f)  The selection of comparable properties and the application of appropriate adjustments for the determination of an appraised value of property by any person under Section 41.43(b) [~~41.43(b)(3)~~] or 42.26(a) [~~42.26(a)(3)~~] must be based on the application of generally accepted appraisal methods and techniques. Adjustments must be based on recognized methods and techniques that are necessary to produce a credible opinion.

SECTION 49.  Section 23.0101, Tax Code, is amended to read as follows:

Sec. 23.0101.  CONSIDERATION OF ALTERNATE APPRAISAL METHODS. (a) Except as provided by Subsections (b) and (c), in [~~In~~] determining the market value of property, the chief appraiser shall consider the cost, income, and market data comparison methods of appraisal and use the most appropriate method.

(b)  In determining the market value of residential real property consisting of a single-family home, duplex, triplex, or quadraplex constructed by or on behalf of the owner, the chief appraiser shall use the cost method of appraisal.

(c)  Except as otherwise provided by this title, in determining the market value of real property other than a single-family home, duplex, triplex, quadraplex, or tract of unimproved land, the chief appraiser shall use the income method of appraisal.

SECTION 50.  Section 23.014, Tax Code, is amended to read as follows:

Sec. 23.014.  EXCLUSION OF PROPERTY AS REAL PROPERTY. In [~~Except as provided by Section 23.24(b), in~~] determining the market value of real property, the chief appraiser shall analyze the effect on that value of, and exclude from that value the value of, any:

(1)  tangible personal property, including trade fixtures;

(2)  intangible personal property; or

(3)  other property that is not subject to appraisal as real property.

SECTION 51.  Section 23.02, Tax Code, is amended to read as follows:

Sec. 23.02.  REAPPRAISAL OF PROPERTY DAMAGED IN DISASTER AREA. (a)  The chief appraiser of an appraisal office that appraises property for [~~governing body of~~] a taxing unit that is located partly or entirely inside an area declared to be a disaster area by the governor shall reappraise [~~may authorize reappraisal of~~] all property damaged in the disaster at its market value immediately after the disaster.

(b)  The chief appraiser [~~If a taxing unit authorizes a reappraisal pursuant to this section, the appraisal office~~] shall complete the reappraisal as soon as practicable. The chief appraiser [~~appraisal office~~] shall include on the appraisal records, in addition to other information required or authorized by law:

(1)  the date of the disaster; and

(2)  the appraised value of the property after the disaster[~~; and~~

[~~(3)  if the reappraisal is not authorized by all taxing units in which the property is located, an indication of the taxing units to which the reappraisal applies~~].

(c)  A taxing unit for which property is reappraised [~~that authorizes a reappraisal~~] under this section must pay the appraisal office [~~district~~] all the costs of making the reappraisal. If property in the same territory is reappraised for two or more taxing units [~~provide for the reappraisal in the same territory~~], each taxing unit shall share the costs of the reappraisal in that territory in the proportion the total dollar amount of taxes each taxing unit imposed in that territory in the preceding year bears to the total dollar amount of taxes all taxing units [~~providing for reappraisal of that territory~~] imposed in that territory in the preceding year.

(d)  If property damaged in a disaster is reappraised for a taxing unit as provided by this section, the governing body of the taxing unit shall provide for prorating the taxes on the property for the year in which the disaster occurred. The [~~If the taxes are~~] prorated[~~,~~] taxes due on the property are determined as follows: the taxes on the property based on its value on January 1 of that year are multiplied by a fraction, the denominator of which is 365 and the numerator of which is the number of days before the date the disaster occurred; the taxes on the property based on its reappraised value are multiplied by a fraction, the denominator of which is 365 and the numerator of which is the number of days, including the date the disaster occurred, remaining in the year; and the total of the two amounts is the amount of taxes on the property for the year.

SECTION 52.  Sections 23.12(a) and (f), Tax Code, are amended to read as follows:

(a)  The [~~Except as provided by Sections 23.121, 23.1241, 23.124, and 23.127, the~~] market value of a real property [~~an~~] inventory is the price for which it would sell as a unit to a purchaser who would continue the business. A real property [~~An~~] inventory includes [~~shall include~~] residential real property which has never been occupied as a residence and is held for sale in the ordinary course of a trade or business, provided that the residential real property remains unoccupied, is not leased or rented, and produces no income.

(f)  The owner of an inventory [~~other than a dealer's motor vehicle inventory as that term is defined by Section 23.121, a dealer's heavy equipment inventory as that term is defined by Section 23.1241, or a dealer's vessel and outboard motor inventory as that term is defined by Section 23.124, or a retail manufactured housing inventory as that term is defined by Section 23.127~~] may elect to have the inventory appraised at its market value as of September 1 of the year preceding the tax year to which the appraisal applies by filing an application with the chief appraiser requesting that the inventory be appraised as of September 1. The application must clearly describe the inventory to which it applies and be signed by the owner of the inventory. The application applies to the appraisal of the inventory in each tax year that begins after the next August 1 following the date the application is filed with the chief appraiser unless the owner of the inventory by written notice filed with the chief appraiser revokes the application or the ownership of the inventory changes. A notice revoking the application is effective for each tax year that begins after the next September following the date the notice of revocation is filed with the chief appraiser.

SECTION 53.  Section 23.23(a), Tax Code, is amended to read as follows:

(a)  Regardless [~~Notwithstanding the requirements of Section 25.18 and regardless~~] of whether the appraisal office has appraised the property and determined the market value of the property for the tax year, an appraisal office may increase the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of:

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

(2)  the sum of:

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

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

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

SECTION 54.  Subchapter B, Chapter 23, Tax Code, is amended by adding Section 23.231 to read as follows:

Sec. 23.231.  LIMITATION ON APPRAISED VALUE OF CERTAIN REAL PROPERTY. (a) This section applies only to residential real property consisting of a single-family home, duplex, triplex, or quadraplex or to a tract of unimproved land that the owner acquired as a bona fide purchaser for value.

(b)  This section applies to property only if the owner discloses the purchase price the owner paid for the property to the appraisal office.

(c)  This section does not apply to property if:

(1)  the purchase of the property was made:

(A)  pursuant to a court order;

(B)  from a trustee in bankruptcy;

(C)  by one co-owner from one or more other co-owners;

(D)  from a spouse or a person or persons within the first or second degree of lineal consanguinity of one or more of the purchasers; or

(E)  from a governmental entity; or

(2)  the chief appraiser determines that the owner of the property was not a bona fide purchaser for value under criteria established by rules adopted by the comptroller for that purpose.

(d)  Regardless of whether the appraisal office has appraised the property and determined the market value of the property for the tax year, the appraised value of property for a tax year may not exceed the lesser of:

(1)  the market value of the property; or

(2)  the sum of:

(A)  the purchase price paid by the property owner for the property; and

(B)  the market value of each new improvement to the property as of January 1 of the first tax year in which the improvement was added to the appraisal roll.

(e)  When appraising property, the chief appraiser shall:

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

(2)  include in the appraisal records both the market value of the property and the amount computed under Subsection (d)(2).

(f)  The limitation provided by Subsection (a) takes effect as to property on January 1 of the first tax year the owner qualifies the property for a limitation under this section. The limitation expires on January 1 of the first tax year that neither the owner of the property when the limitation took effect nor the owner's spouse or surviving spouse qualifies for the limitation.

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

(h)  To receive a limitation on appraised value under this section, the owner of the property must apply for the limitation. To apply for the limitation, the owner must file an application with the chief appraiser for each appraisal office in which the property subject to the claimed limitation has situs. The application must be filed not later than May 1 of the year after the year in which the owner acquired the property. The comptroller by rule shall prescribe the form for the application to ensure that the applicant furnishes the information necessary to determine the applicant's eligibility for the limitation, including the price for which the applicant acquired the property.

(i)  In this section, "new improvement" means an improvement to property made since the owner acquired the property that increases the market value of the property. The term does not include repairs to or ordinary maintenance of an existing structure or the grounds or another feature of the property.

(j)  Notwithstanding Subsections (d) and (i) and except as provided by Subdivision (2) of this subsection, an improvement to property that would otherwise constitute a new improvement is not treated as a new improvement if the improvement is a replacement structure for a structure that was rendered uninhabitable or unusable by a casualty or by wind or water damage. For purposes of appraising the property under Subsection (d) in the tax year in which the structure would have constituted a new improvement:

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

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

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

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

(k)  In this subsection, "disaster recovery program" means the disaster recovery program administered by the General Land Office that is funded with community development block grant disaster recovery money authorized by the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Pub. L. No. 110-329), and the Consolidated and Further Continuing Appropriations Act, 2012 (Pub. L. No. 112-55). Notwithstanding Subsection (j)(2), and only to the extent necessary to satisfy the requirements of the disaster recovery program, a replacement structure described by that subdivision is not considered to be a new improvement if to satisfy the requirements of the disaster recovery program it was necessary that:

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

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

(l)  For purposes of Subsection (d)(2)(B), an improvement is considered to be a new improvement in a tax year if the market value of the improvement increased from the value of the improvement in the preceding tax year because the improvement was not complete in the preceding tax year.

SECTION 55.  The heading to Section 25.18, Tax Code, is amended to read as follows:

Sec. 25.18.  REAPPRAISAL OF PROPERTY [~~PERIODIC REAPPRAISALS~~].

SECTION 56.  Section 25.18(a), Tax Code, is amended to read as follows:

(a)  An [~~Each~~] appraisal office may reappraise [~~shall implement the plan for periodic reappraisal of~~] property if the chief appraiser determines that conditions warrant the reappraisal [~~approved by the board of directors under Section 6.05(i)~~].

SECTION 57.  Section 25.19(b), Tax Code, is amended to read as follows:

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

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

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

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

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

(5)  if the appraised value is greater than it was in the preceding year, the amount of tax that would be imposed on the property on the basis of the tax rate for the preceding year;

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

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

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

(9)  a brief explanation that the governing body of each taxing unit decides whether or not taxes on the property will increase and the appraisal office [~~district~~] only determines the value of the property.

SECTION 58.  Sections 26.012(6) and (15), Tax Code, are amended to read as follows:

(6)  "Current total value" means the total taxable value of property listed on the appraisal roll for the current year, including all appraisal roll supplements and corrections as of the date of the calculation, less the taxable value of property exempted for the current tax year for the first time under Section 11.31 [~~or 11.315~~], except that:

(A)  the current total value for a school district excludes:

(i)  the total value of homesteads that qualify for a tax limitation as provided by Section 11.26; and

(ii)  new property value of property that is subject to an agreement entered into under Chapter 313; and

(B)  the current total value for a county, municipality, or junior college district excludes the total value of homesteads that qualify for a tax limitation provided by Section 11.261.

(15)  "Lost property levy" means the amount of taxes levied in the preceding year on property value that was taxable in the preceding year but is not taxable in the current year because the property is exempt in the current year under a provision of this code [~~other than Section 11.251 or 11.253~~], the property has qualified for special appraisal under Chapter 23 in the current year, or the property is located in territory that has ceased to be a part of the unit since the preceding year.

SECTION 59.  Section 26.09(b), Tax Code, is amended to read as follows:

(b)  [~~The county assessor-collector shall add the properties and their values certified to him as provided by Chapter 24 of this code to the appraisal roll for county tax purposes.~~] The county assessor-collector shall use the appraisal roll certified to the county assessor-collector [~~him~~] as provided by Section 26.01 [~~with the added properties and values~~] to calculate county taxes.

SECTION 60.  Section 31.032(a), Tax Code, is amended to read as follows:

(a)  This section applies only to:

(1)  real property that:

(A)  is:

(i)  the residence homestead of the owner or consists of property that is used for residential purposes and that has fewer than five living units; or

(ii)  owned or leased by a business entity that had not more than the amount calculated as provided by Subsection (h) in gross receipts in the entity's most recent federal tax year or state franchise tax annual period, according to the applicable federal income tax return or state franchise tax report of the entity;

(B)  is located in a disaster area; and

(C)  has been damaged as a direct result of the disaster; and

(2)  [~~tangible personal property that is owned or leased by a business entity described by Subdivision (1)(A)(ii); and~~

[~~(3)~~]  taxes that are imposed on the property by a taxing unit before the first anniversary of the disaster.

SECTION 61.  Section 41.43(b), Tax Code, is amended 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 office [~~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 appraised value of the property is equal to or less than the median appraised value of a reasonable number of comparable properties appropriately adjusted.

SECTION 62.  Section 41.44(a), Tax Code, is amended to read as follows:

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

(1)  not later than May 15 or the 30th day after the date that notice to the property owner was delivered to the property owner as provided by Section 25.19, whichever is later;

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

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

[~~(4)  in the case of a determination of eligibility for a refund under Section 23.1243, not later than the 30th day after the date the notice of the determination is delivered to the property owner~~].

SECTION 63.  Section 42.01, Tax Code, is amended to read as follows:

Sec. 42.01.  RIGHT OF APPEAL BY PROPERTY OWNER. (a) A property owner is entitled to appeal[~~:~~

[~~(1)~~]  an order of the appraisal review board determining:

(1) [~~(A)~~]  a protest by the property owner as provided by Subchapter C of Chapter 41;

(2) [~~(B)~~]  a determination of an appraisal review board on a motion filed under Section 25.25; or

(3) [~~(C)~~]  a determination of an appraisal review board that the property owner has forfeited the right to a final determination of a motion filed under Section 25.25 or of a protest under Section 41.411 for failing to comply with the prepayment requirements of Section 25.26 or 41.4115, as applicable[~~; or~~

[~~(D)  a determination of an appraisal review board of eligibility for a refund requested under Section 23.1243; or~~

[~~(2)  an order of the comptroller issued as provided by Subchapter B, Chapter 24, apportioning among the counties the appraised value of railroad rolling stock owned by the property owner~~].

(b)  A property owner who establishes that the owner did not forfeit the right to a final determination of a motion or of a protest in an appeal under Subsection (a)(3) [~~(a)(1)(C)~~] is entitled to a final determination of the court, as applicable:

(1)  of the motion filed under Section 25.25; or

(2)  of the protest under Section 41.411 of the failure of the chief appraiser or appraisal review board to provide or deliver a notice to which the property owner is entitled, and, if failure to provide or deliver the notice is established, of a protest made by the property owner on any other grounds of protest authorized by this title relating to the property to which the notice applies.

SECTION 64.  Section 42.21(b), Tax Code, is amended to read as follows:

(b)  A petition for review brought under Section 42.02 must be brought against the owner of the property involved in the appeal. A petition for review brought under Section 42.031 must be brought against the appraisal office [~~district~~] and against the owner of the property involved in the appeal. [~~A petition for review brought under Section 42.01(a)(2) or 42.03 must be brought against the comptroller.~~] Any other petition for review under this chapter must be brought against the appraisal office [~~district~~]. A petition for review may not be brought against the appraisal review board. An appraisal office [~~district~~] may hire an attorney that represents the office [~~district~~] to represent the appraisal review board established for the office [~~district~~] to file an answer and obtain a dismissal of a suit filed against the appraisal review board in violation of this subsection.

SECTION 65.  Section 42.22, Tax Code, as amended by Chapters 667 (S.B. 548) and 1033 (H.B. 301), Acts of the 73rd Legislature, Regular Session, 1993, is reenacted and amended to read as follows:

Sec. 42.22.  VENUE. (a) Except as provided by Subsection [~~Subsections~~] (b) of this section [~~and (c),~~] and by Section 42.221, venue is in the county in which the appraisal review board that issued the order appealed is located.

(b)  Venue of an action brought under Section 42.01(a) [~~42.01(1)~~] is in the county in which the property is located or in the county in which the appraisal review board that issued the order is located.

[~~(c)  Venue is in Travis County if the order appealed was issued by the comptroller.~~]

SECTION 66.  Sections 42.23(f) and (i), Tax Code, are amended to read as follows:

(f)  For purposes of a no-evidence motion for summary judgment filed by a party to an appeal under this chapter, the offer of evidence, including an affidavit or testimony, by any person, including the appraisal office [~~district~~], the property owner, or the owner's agent, that was presented at the hearing on the protest before the appraisal review board constitutes sufficient evidence to deny the motion.

(i)  If an appraisal office [~~district~~] employee testifies as to the value of real property in an appeal under Section 42.25 or 42.26, the court may give preference to an employee who is a person authorized to perform an appraisal of real estate under Section 1103.201, Occupations Code.

SECTION 67.  Sections 42.26(a), (b), and (d), Tax Code, are amended to read as follows:

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

[~~(1)  the appraisal ratio of the property exceeds by at least 10 percent 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 exceeds by at least 10 percent 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 appeal; or~~

[~~(3)~~]  the appraised value of the property exceeds the median appraised value of a reasonable number of comparable properties appropriately adjusted.

(b)  [~~If a property owner is entitled to relief under Subsection (a)(1), the court shall order the property's appraised value changed to the value as calculated on the basis of the median level of appraisal according to Subsection (a)(1). If a property owner is entitled to relief under Subsection (a)(2), the court shall order the property's appraised value changed to the value calculated on the basis of the median level of appraisal according to Subsection (a)(2).~~] If a property owner is entitled to relief under Subsection (a) [~~Subsection (a)(3)~~], the court shall order the property's appraised value changed to the value calculated on the basis of the median appraised value according to that subsection [~~Subsection (a)(3). If a property owner is entitled to relief under more than one subdivision of Subsection (a), the court shall order the property's appraised value changed to the value that results in the lowest appraised value~~]. The court shall determine the [~~each applicable median level of appraisal or~~] median appraised value according to law[~~,~~] and is not required to adopt the [~~median level of appraisal or~~] median appraised value proposed by a party to the appeal. [~~The court may not limit or deny relief to the property owner entitled to relief under a subdivision of Subsection (a) because the appraised value determined according to another subdivision of Subsection (a) results in a higher appraised value.~~]

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

SECTION 68.  Sections 151.356(a) and (c), Tax Code, are amended to read as follows:

(a)  In this section:

(1)  "Environmental protection agency of the United States" includes:

(A)  the United States Department of the Interior and any agency, bureau, or other entity established in that department, including the Bureau of Safety and Environmental Enforcement and the Bureau of Ocean Energy Management; and

(B)  any other department, agency, bureau, or entity of the United States that prescribes rules or regulations described by Subdivision (3)(A).

(2)  "Offshore[~~, "offshore~~] spill response containment property" means tangible personal property:

(A)  used, constructed, acquired, stored, or installed solely as part of, or used solely for the development, improvement, storage, deployment, repair, maintenance, or testing of, an offshore spill response containment system that is stored while not in use in a county bordering on the Gulf of Mexico or on a bay or other body of water immediately adjacent to the Gulf of Mexico [~~(1) described by Section 11.271(c)~~];

(B) [~~(2)~~]  owned or leased by an entity formed primarily for the purpose of designing, developing, modifying, enhancing, assembling, operating, deploying, and maintaining an offshore spill response containment system [~~described by Section 11.271(f)~~]; and

(C) [~~(3)~~]  used or intended to be used solely in an offshore spill response containment system [~~as defined by Section 11.271(a)~~].

(3)  "Offshore spill response containment system" means a marine or mobile containment system that:

(A)  is designed and used or intended to be used solely to implement a response plan that meets or exceeds rules or regulations adopted by any environmental protection agency of the United States, this state, or a political subdivision of this state for the control, reduction, or monitoring of air, water, or land pollution in the event of a blowout or loss of control of an offshore well drilled or used for the exploration for or production of oil or gas;

(B)  has a design capability to respond to a blowout or loss of control of an offshore well drilled or used for the exploration for or production of oil or gas that is drilled in more than 5,000 feet of water;

(C)  is used or intended to be used solely to respond to a blowout or loss of control of an offshore well drilled or used for the exploration for or production of oil or gas without regard to the depth of the water in which the well is drilled; and

(D)  except for any monitoring function for which the system may be used, is used or intended to be used as a temporary measure to address fugitive oil, gas, sulfur, or other minerals after a leak has occurred and is not used or intended to be used after the leak has been contained as a continuing means of producing oil, gas, sulfur, or other minerals.

(4)  "Rules or regulations adopted by any environmental protection agency of the United States" includes 30 C.F.R. Part 254 and any corresponding provision or provisions of succeeding, similar, substitute, proposed, or final federal regulations.

(c)  The sale, lease, rental, storage, use, or other consumption by an entity described by Subsection (a)(2)(B) [~~Section 11.271(f)~~] of offshore spill response containment property used solely for the purposes described by [~~Section 11.271(c) and~~] this section is exempted from the taxes imposed by this chapter.

SECTION 69.  Section 312.007(a), Tax Code, is amended to read as follows:

(a)  In this section, "abatement period" means the period during which all or a portion of the value of real property [~~or tangible personal property~~] that is the subject of a tax abatement agreement is exempt from taxation.

SECTION 70.  Sections 312.204(a), (e), and (g), Tax Code, are amended to read as follows:

(a)  The governing body of a municipality eligible to enter into tax abatement agreements under Section 312.002 may agree in writing with the owner of taxable real property that is located in a reinvestment zone, but that is not in an improvement project financed by tax increment bonds, to exempt from taxation a portion of the value of the real property [~~or of tangible personal property located on the real property, or both,~~] for a period not to exceed 10 years, on the condition that the owner of the property make specific improvements or repairs to the property.  The governing body of an eligible municipality may agree in writing with the owner of a leasehold interest in tax-exempt real property that is located in a reinvestment zone, but that is not in an improvement project financed by tax increment bonds, to exempt a portion of the value of property subject to ad valorem taxation, including the leasehold interest or [~~,~~] improvements [~~, or tangible personal property~~] located on the real property, for a period not to exceed 10 years, on the condition that the owner of the leasehold interest make specific improvements or repairs to the real property.  A tax abatement agreement under this section is subject to the rights of holders of outstanding bonds of the municipality.  An agreement exempting taxable real property or leasehold interests or improvements on tax-exempt real property may provide for the exemption of such taxable interests in each year covered by the agreement only to the extent its value for that year exceeds its value for the year in which the agreement is executed.  [~~An agreement exempting tangible personal property located on taxable or tax-exempt real property may provide for the exemption of tangible personal property located on the real property in each year covered by the agreement other than tangible personal property that was located on the real property at any time before the period covered by the agreement with the municipality, including inventory and supplies.~~]  In a municipality that has a comprehensive zoning ordinance, an improvement, repair, development, or redevelopment taking place under an agreement under this section must conform to the comprehensive zoning ordinance.

(e)  The governing body of a municipality eligible to enter into tax abatement agreements under Section 312.002 may agree in writing with the owner or lessee of real property that is located in a reinvestment zone to exempt from taxation for a period not to exceed 10 years a portion of the value of the real property [~~or of personal property, or both,~~] located within the zone and owned or leased by a certificated air carrier, on the condition that the certificated air carrier make specific real property improvements or lease for a term of 10 years or more real property improvements located within the reinvestment zone. An agreement may provide for the exemption of the real property in each year covered by the agreement to the extent its value for that year exceeds its value for the year in which the agreement is executed. [~~An agreement may provide for the exemption of the personal property owned or leased by a certificated air carrier located within the reinvestment zone in each year covered by the agreement other than specific personal property that was located within the reinvestment zone at any time before the period covered by the agreement with the municipality.~~]

(g)  Notwithstanding the other provisions of this chapter, the governing body of a municipality eligible to enter into tax abatement agreements under Section 312.002 may agree in writing with the owner of real property that is located in a reinvestment zone to exempt from taxation for a period not to exceed five years a portion of the value of the real property [~~or of tangible personal property located on the real property, or both,~~] that is used to provide housing for military personnel employed at a military facility located in or near the municipality. An agreement may provide for the exemption of the real property in each year covered by the agreement only to the extent its value for that year exceeds its value for the year in which the agreement is executed. [~~An agreement may provide for the exemption of tangible personal property located on the real property in each year covered by the agreement other than tangible personal property that was located on the real property at any time before the period covered by the agreement with the municipality and other than inventory or supplies.~~] The governing body of the municipality may adopt guidelines and criteria for tax abatement agreements entered into under this subsection that are different from the guidelines and criteria that apply to tax abatement agreements entered into under another provision of this section. Tax abatement agreements entered into under this subsection are not required to contain identical terms for the portion of the value of the property that is to be exempt or for the duration of the exemption as tax abatement agreements entered into with the owners of property in the reinvestment zone under another provision of this section.

SECTION 71.  Section 312.210(b), Tax Code, is amended to read as follows:

(b)  A tax abatement agreement with the owner of real property [~~or tangible personal property~~] that is located in the reinvestment zone described by Subsection (a) and in a school district that has a wealth per student that does not exceed the equalized wealth level must exempt from taxation:

(1)  the portion of the value of the property in the amount specified in the joint agreement among the municipality, county, and junior college district; and

(2)  an amount equal to 10 percent of the maximum portion of the value of the property that may under Section 312.204(a) be otherwise exempted from taxation.

SECTION 72.  Section 312.211(a), Tax Code, is amended to read as follows:

(a)  This section applies only to [~~:~~

[~~(1)~~]  real property:

(1) [~~(A)~~]  that is located in a reinvestment zone;

(2) [~~(B)~~]  that is not in an improvement project financed by tax increment bonds; and

(3) [~~(C)~~]  that is the subject of a voluntary cleanup agreement under Section 361.606, Health and Safety Code [~~; and~~

[~~(2)  tangible personal property located on the real property~~].

SECTION 73.  Sections 312.402(a), (a-1), and (a-3), Tax Code, are amended to read as follows:

(a)  The commissioners court may execute a tax abatement agreement with the owner of taxable real property located in a reinvestment zone designated under this subchapter [~~or with the owner of tangible personal property located on real property in a reinvestment zone~~] to exempt from taxation all or a portion of the value of the real property [~~, all or a portion of the value of the tangible personal property located on the real property, or all or a portion of the value of both~~].

(a-1)  The commissioners court may execute a tax abatement agreement with the owner of a leasehold interest in tax-exempt real property located in a reinvestment zone designated under this subchapter to exempt all or a portion of the value of the leasehold interest in the real property.  The court may execute a tax abatement agreement with the owner of [~~tangible personal property or~~] an improvement located on tax-exempt real property that is located in a designated reinvestment zone to exempt all or a portion of the value of the [~~tangible personal property or~~] improvement located on the real property.

(a-3)  The commissioners court may execute a tax abatement agreement with a lessee of taxable real property located in a reinvestment zone designated under this subchapter to exempt from taxation all or a portion of the value of the fixtures, improvements, or other real property owned by the lessee and located on the property that is subject to the lease [~~, all or a portion of the value of tangible personal property owned by the lessee and located on the real property that is the subject of the lease, or all or a portion of the value of both the fixtures, improvements, or other real property and the tangible personal property described by this subsection~~].

SECTION 74.  Section 313.021(2), Tax Code, is amended to read as follows:

(2)  "Qualified property" means:

(A)  land:

(i)  that is located in an area designated as a reinvestment zone under Chapter 311 or 312 or as an enterprise zone under Chapter 2303, Government Code;

(ii)  on which a person proposes to construct a new building or erect or affix a new improvement that does not exist before the date the person submits a complete application for a limitation on appraised value under this subchapter;

(iii)  that is not subject to a tax abatement agreement entered into by a school district under Chapter 312; and

(iv)  on which, in connection with the new building or new improvement described by Subparagraph (ii), the owner or lessee of, or the holder of another possessory interest in, the land proposes to:

(a)  make a qualified investment in an amount equal to at least the minimum amount required by Section 313.023; and

(b)  create at least 25 new qualifying jobs; and

(B)  the new building or other new improvement described by Paragraph (A)(ii)[~~; and~~

[~~(C)  tangible personal property:~~

[~~(i)  that is not subject to a tax abatement agreement entered into by a school district under Chapter 312;~~

[~~(ii)  for which a sales and use tax refund is not claimed under Section 151.3186; and~~

[~~(iii)  except for new equipment described in Section 151.318(q) or (q-1), that is first placed in service in the new building, in the newly expanded building, or in or on the new improvement described by Paragraph (A)(ii), or on the land on which that new building or new improvement is located, if the personal property is ancillary and necessary to the business conducted in that new building or in or on that new improvement~~].

SECTION 75.  Section 313.025(a), Tax Code, is amended to read as follows:

(a)  The owner or lessee of, or the holder of another possessory interest in, any qualified property described by Section 313.021(2)(A) or[~~,~~] (B)[~~, or (C)~~] may apply to the governing body of the school district in which the property is located for a limitation on the appraised value for school district maintenance and operations ad valorem tax purposes of the person's qualified property.  An application must be made on the form prescribed by the comptroller and include the information required by the comptroller, and it must be accompanied by:

(1)  the application fee established by the governing body of the school district;

(2)  information sufficient to show that the real [~~and personal~~] property identified in the application as qualified property meets the applicable criteria established by Section 313.021(2); and

(3)  any information required by the comptroller for the purposes of Section 313.026.

SECTION 76.  Section 71.041(5), Agriculture Code, is amended to read as follows:

(5)  "Nursery stock weather protection unit" means a plant cover consisting of a series of removable, portable metal hoops, covered by nonreusable plastic sheeting, shade cloth, or other similar removable material, used exclusively for protecting nursery products from weather elements. A nursery stock weather protection unit is an implement of husbandry for all purposes[~~, including Article VIII, Section 19a, of the Texas Constitution~~].

SECTION 77.  Section 93.001(2), Business & Commerce Code, is amended to read as follows:

(2)  "Heavy equipment" means self-propelled, self-powered, or pull-type equipment, including farm equipment or a diesel engine, that weighs at least 1,500 pounds and is intended to be used for agricultural, construction, industrial, maritime, mining, or forestry uses.  The term does not include a motor vehicle that is required by:

(A)  Chapter 501, Transportation Code, to be titled; or

(B)  Chapter 502, Transportation Code, to be registered [~~has the meaning assigned by Section 23.1241, Tax Code~~].

SECTION 78.  Sections 89.003(a) and (b), Finance Code, are amended to read as follows:

(a)  Each association and each federal association shall render for ad valorem taxation all of its personal property, other than tangible personal property [~~furniture, fixtures, equipment, and automobiles~~], as a whole at the value remaining after deducting the following from the total value of its entire assets:

(1)  all debts that it owes;

(2)  all tax-free securities that it owns;

(3)  its loss reserves and surplus;

(4)  its savings liability; [~~and~~]

(5)  the appraised value of its [~~furniture, fixtures, and~~] real property; and

(6)  the value of its tangible personal property.

(b)  The association or federal association shall render the personal property, other than tangible personal property [~~furniture, fixtures, equipment, and automobiles~~], to the chief appraiser of the appraisal office [~~district~~] in the county in which its principal office is located.

SECTION 79.  Subchapter M, Chapter 403, Government Code, is amended by adding Section 403.3001 to read as follows:

Sec. 403.3001.  DETERMINATION OF SCHOOL DISTRICT PROPERTY VALUES. A reference in law to the taxable value or total taxable value of property in a school district as determined under this subchapter means the total taxable value of that property as determined by the assessor for the district under Section 26.04, Tax Code.

SECTION 80.  Chapter 245, Local Government Code, is amended by adding Section 245.008 to read as follows:

Sec. 245.008.  NOTIFICATION OF APPRAISAL OFFICE OF ISSUANCE OF CERTAIN PERMITS. A political subdivision that issues a real-property-related permit shall notify the appraisal office established for the county in which the property is located of the issuance of the permit.

SECTION 81.  Section 1151.1015, Occupations Code, is amended to read as follows:

Sec. 1151.1015.  ASSISTANCE FROM COMPTROLLER. The comptroller shall enter into a memorandum of understanding with the department under which the comptroller shall provide:

(1)  information on the educational needs of and opportunities for tax professionals;

(2)  review and approval of all required educational courses, examinations, and continuing education programs for registrants; and

(3)  [~~a copy of any report issued by the comptroller under Section 5.102, Tax Code, and if requested by the department a copy of any work papers or other documents collected or created in connection with a report issued under that section; and~~

[~~(4)~~]  information and assistance regarding administrative proceedings conducted under the commission's rules or this chapter.

SECTION 82.  Section 1151.204(c), Occupations Code, is amended to read as follows:

(c)  This section does not apply to:

(1)  [~~a matter referred to the department by the comptroller under Section 5.102, Tax Code, or a successor statute;~~

[~~(2)~~]  a complaint concerning a registrant's failure to comply with the registration and certification requirements of this chapter; or

(2) [~~(3)~~]  a complaint concerning a newly appointed chief appraiser's failure to complete the training program described by Section 1151.164.

SECTION 83.  Section 503.038(a), Transportation Code, is amended to read as follows:

(a)  The department may cancel a dealer's general distinguishing number if the dealer:

(1)  falsifies or forges a title document, including an affidavit making application for a certified copy of a title;

(2)  files a false or forged tax document, including a sales tax affidavit;

(3)  fails to take assignment of any basic evidence of ownership, including a certificate of title or manufacturer's certificate, for a vehicle the dealer acquires;

(4)  fails to assign any basic evidence of ownership, including a certificate of title or manufacturer's certificate, for a vehicle the dealer sells;

(5)  uses or permits the use of a metal dealer's license plate or a dealer's temporary tag on a vehicle that the dealer does not own or control or that is not in stock and offered for sale;

(6)  makes a material misrepresentation in an application or other information filed with the department;

(7)  fails to maintain the qualifications for a general distinguishing number;

(8)  fails to provide to the department within 30 days after the date of demand by the department satisfactory and reasonable evidence that the person is regularly and actively engaged in business as a wholesale or retail dealer;

(9)  has been licensed for at least 12 months and has not assigned at least five vehicles during the previous 12-month period;

(10)  [~~has failed to demonstrate compliance with Sections 23.12, 23.121, and 23.122, Tax Code;~~

[~~(11)~~]  uses or allows the use of the dealer's general distinguishing number or the location for which the general distinguishing number is issued to avoid the requirements of this chapter;

(11) [~~(12)~~]  misuses or allows the misuse of a temporary tag authorized under this chapter;

(12) [~~(13)~~]  refuses to show on a buyer's temporary tag the date of sale or other reasonable information required by the department; or

(13) [~~(14)~~]  otherwise violates this chapter or a rule adopted under this chapter.

SECTION 84.  (a) The following provisions of the Tax Code are repealed:

(1)  Section 1.12;

(2)  Section 5.07(c);

(3)  Section 5.10;

(4)  Section 5.102;

(5)  Section 5.12;

(6)  Section 5.13;

(7)  Section 5.16;

(8)  Section 6.03;

(9)  Section 6.031;

(10)  Section 6.033;

(11)  Section 6.034;

(12)  Section 6.035(a-1);

(13)  Section 6.036(a);

(14)  Section 6.037;

(15)  Section 6.04;

(16)  Section 6.0501;

(17)  Section 6.051;

(18)  Section 6.061;

(19)  Section 6.10;

(20)  Section 6.15;

(21)  Section 6.24(c);

(22)  Section 11.11(h);

(23)  Section 11.14;

(24)  Section 11.145;

(25)  Section 11.15;

(26)  Section 11.16;

(27)  Section 11.161;

(28)  Section 11.23(f);

(29)  Section 11.25;

(30)  Section 11.251;

(31)  Section 11.252;

(32)  Section 11.253;

(33)  Section 11.254;

(34)  Section 11.271;

(35)  Section 11.311;

(36)  Section 11.315;

(37)  Section 11.33;

(38)  Section 11.437;

(39)  Section 11.4391;

(40)  Section 21.02;

(41)  Section 21.021;

(42)  Section 21.03;

(43)  Section 21.031;

(44)  Section 21.04;

(45)  Section 21.05;

(46)  Section 21.055;

(47)  Section 21.07;

(48)  Section 21.09;

(49)  Section 21.10;

(50)  Sections 22.01(e), (i), (j), (k), and (m);

(51)  Sections 22.04(b), (c), and (d);

(52)  Sections 22.07(a) and (b);

(53)  Section 22.23(c);

(54)  Section 23.121;

(55)  Section 23.1211;

(56)  Section 23.122;

(57)  Section 23.123;

(58)  Section 23.124;

(59)  Section 23.1241;

(60)  Section 23.1242;

(61)  Section 23.1243;

(62)  Section 23.125;

(63)  Section 23.126;

(64)  Section 23.127;

(65)  Section 23.128;

(66)  Section 23.129;

(67)  Section 23.24;

(68)  Chapter 24;

(69)  Sections 25.18(b) and (c);

(70)  Section 33.11;

(71)  Subchapter B, Chapter 33;

(72)  Section 41.413(a);

(73)  Section 41.47(c-1);

(74)  Section 42.03;

(75)  Section 42.05; and

(76)  Section 42.26(c).

(b)  Section 25.12(c), Tax Code, as added by Chapter 450 (H.B. 1831), Acts of the 71st Legislature, Regular Session, 1989, is repealed.

(c)  Section 89.003(c), Finance Code, is repealed.

(d)  The following provisions of the Government Code are repealed:

(1)  Section 403.301;

(2)  Section 403.3011;

(3)  Section 403.302;

(4)  Section 403.303; and

(5)  Section 403.304.

(e)  Sections 379B.011(c), (d), and (e), Local Government Code, are repealed.

SECTION 85.  (a) On the effective date of this Act:

(1)  each appraisal district and appraisal district board of directors is abolished;

(2)  an appraisal office is established for each county;

(3)  the county assessor-collector of each county begins to govern the appraisal office established for that county;

(4)  all personnel, property, records, and funds of an appraisal district are transferred to the appraisal office for the county for which the appraisal district was established;

(5)  all unpaid debts incurred by an appraisal district become debts of the appraisal office for the county for which the appraisal district was established;

(6)  the appraisal office for the county for which an appraisal district was established is substituted for the appraisal district in any pending action, including a protest or challenge before an appraisal review board or an appeal or other action in a court; and

(7)  the appraisal review board of an appraisal office established for a county is substituted for the appraisal review board of the appraisal district established for the county in any pending action, including a protest or challenge before the appraisal review board or an appeal or other action in a court.

(b)  A measure taken or adopted by the board of directors of an appraisal district established for a county before the effective date of this Act that is in effect on the effective date of this Act continues in effect after the effective date of this Act until superseded by a measure taken or adopted by the county assessor-collector who governs the appraisal office established for that county.

SECTION 86.  As soon as practicable on or after January 1, 2022, the county assessor-collector who governs each appraisal office shall dispose of the real property owned by the office. The county assessor-collector may use the proceeds to pay the debts of the appraisal office or to cover the cost of administration of the office.

SECTION 87.  (a) As soon as practicable on or after January 1, 2022, the state senators and state representatives whose districts contain any part of the territory included in the county for which an appraisal office is established, in the manner provided by Section 6.12, Tax Code, as amended by this Act, shall appoint the members of the agricultural advisory board for the appraisal office. The county assessor-collector who governs the appraisal office by resolution shall provide for staggered terms for the members as necessary to comply with Section 6.12(c), Tax Code.

(b)  The changes made to Section 6.12, Tax Code, by this Act apply only to the appointment of agricultural advisory board members to terms beginning on or after January 1, 2022. This Act does not affect the term of an agricultural advisory board member serving on December 31, 2021, if the member was appointed before January 1, 2022, to a term that began before December 31, 2021.

SECTION 88.  (a) As soon as practicable on or after January 1, 2022, the state senators and state representatives whose districts contain any part of the territory included in the county for which an appraisal office is established, in the manner provided by Section 6.41, Tax Code, as amended by this Act, shall appoint the members of the appraisal review board for the appraisal office. The county assessor-collector who governs the appraisal office by resolution shall provide for staggered terms for the members as necessary to comply with Section 6.41(h), Tax Code, as amended by this Act.

(b)  The changes made to Section 6.41, Tax Code, by this Act apply only to the appointment of appraisal review board members to terms beginning on or after January 1, 2022. This Act does not affect the term of an appraisal review board member serving on December 31, 2021, if the member was appointed before January 1, 2022, to a term that began before December 31, 2021, and expires December 31, 2022.

SECTION 89.  Sections 6.41 and 6.411, Tax Code, as amended by this Act, apply only to an offense committed on or after the effective date of this Act. An offense committed before the effective date of this Act is governed by the law in effect on the date the offense was committed, and the former law is continued in effect for that purpose. For purposes of this section, an offense was committed before the effective date of this Act if any element of the offense occurred before that date.

SECTION 90.  The change in law made by this Act to Section 23.02, Tax Code, applies only to the reappraisal of property located in an area that is declared to be a disaster area by the governor on or after the effective date of this Act. The reappraisal of property located in an area that was declared to be a disaster area by the governor before the effective date of this Act is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 91.  Section 23.231, Tax Code, as added by this Act, applies only to the appraisal of real property for ad valorem tax purposes for a tax year that begins on or after the effective date of this Act.

SECTION 92.  As soon as practicable after the effective date of this Act, the comptroller by rule shall adopt forms and procedures necessary for the implementation of Section 23.231, Tax Code, as added by this Act.

SECTION 93.  (a) The changes in law made by this Act to Subchapter M, Chapter 403, Government Code, apply only to the determination of the total taxable value of property in a school district for a tax year that begins after December 31, 2021. The determination of the total taxable value of property in a school district for a tax year that begins before that date is governed by Subchapter M, Chapter 403, Government Code, as that subchapter existed when the tax year began, and the former law is continued in effect for that purpose.

(b)  Notwithstanding the changes in law made by this Act to the provisions of the Tax Code, Agriculture Code, Business & Commerce Code, Finance Code, and Transportation Code amended by this Act and the repeal by this Act of provisions of the Tax Code and Finance Code, each of those provisions, as it existed immediately before January 1, 2020, is continued in effect for the purpose of the levy and collection of an ad valorem tax on tangible personal property imposed:

(1)  before January 1, 2020; or

(2)  pursuant to Section 1(l), Article VIII, Texas Constitution.

SECTION 94.  (a) If the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, authorizing the legislature to provide for the appraisal of certain real property for ad valorem tax purposes based on its purchase price, exempting all tangible personal property in this state from ad valorem taxation, and authorizing the legislature to permit legislators to appoint members of the board of equalization for an appraisal entity is approved by the voters, the Special Tax Code Board is created to recommend amendments to the Tax Code and other law to efficiently and effectively implement the amendment.

(b)  The board consists of nine members appointed as follows:

(1)  seven members appointed by the governor;

(2)  one member appointed by the lieutenant governor; and

(3)  one member appointed by the speaker of the house of representatives.

(c)  The board shall make legislative recommendations on amendments to the Tax Code and other law required to implement the constitutional amendment and otherwise improve the system for appraising property for ad valorem tax purposes, including recommendations regarding:

(1)  the abolition of appraisal districts and the transfer of their functions to the county assessor-collectors' offices;

(2)  the procedure to be used in appraising real property for ad valorem tax purposes, including the appraisal of such property on the basis of the purchase price of the property;

(3)  the reporting of information regarding sales of real property to the appraisal office and the use of that information by the appraisal office;

(4)  the notification of an appraisal office by a political subdivision regarding real-property-related permits issued by the political subdivision; and

(5)  the procedure for appointing appraisal review board members.

(d)  Not later than September 1, 2020, the board shall submit a report to the governor, lieutenant governor, speaker of the house of representatives, comptroller, Legislative Budget Board, and legislature regarding the board's recommendations.

(e)  This section expires September 1, 2021.

SECTION 95.  To the extent of any conflict, this Act prevails over another Act of the 86th Legislature, Regular Session, 2019, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 96.  (a) Except as provided by Subsection (b) of this section, this Act takes effect January 1, 2022, but only if the constitutional amendment proposed by the 86th Legislature, Regular Session, 2019, authorizing the legislature to provide for the appraisal of certain real property for ad valorem tax purposes based on its purchase price, exempting all tangible personal property in this state from ad valorem taxation, and authorizing the legislature to permit legislators to appoint members of the board of equalization for an appraisal entity is approved by the voters. If that amendment is not approved by the voters, this Act has no effect.

(b)  Subject to Subsection (a) of this section, the section of this Act creating the Special Tax Code Board takes effect January 1, 2020.