

SENATE AMENDMENTS

2nd Printing

By: King of Parker

H.B. No. 1313

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the authority of the chief appraiser of an appraisal
3 district to increase the appraised value of property in the tax year
4 following the year in which the appraised value of the property is
5 lowered as a result of a protest or appeal.

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

7 SECTION 1. Section 23.01(e), Tax Code, is amended to read as
8 follows:

9 (e) Notwithstanding any provision of this subchapter to the
10 contrary, if the appraised value of property in a tax year is
11 lowered under Subtitle F, the appraised value of the property as
12 finally determined under that subtitle is considered to be the
13 appraised value of the property for that tax year. In the next
14 ~~[following]~~ tax year in which the property is appraised, the chief
15 appraiser may not increase the appraised value of the property
16 unless the increase by the chief appraiser is reasonably supported
17 by clear and convincing ~~[substantial]~~ evidence when all of the
18 reliable and probative evidence in the record is considered as a
19 whole. If the appraised value is finally determined in a protest
20 under Section 41.41(a)(2) or an appeal under Section 42.26, the
21 chief appraiser may satisfy the requirement to reasonably support
22 by clear and convincing ~~[substantial]~~ evidence an increase in the
23 appraised value of the property in the next ~~[following]~~ tax year in
24 which the property is appraised by presenting evidence showing that

1 the inequality in the appraisal of property has been corrected with
2 regard to the properties that were considered in determining the
3 value of the subject property. The burden of proof is on the chief
4 appraiser to support an increase in the appraised value of property
5 under the circumstances described by this subsection.

6 SECTION 2. This Act applies only to the appraisal of
7 property for a tax year beginning on or after the effective date of
8 this Act.

9 SECTION 3. This Act takes effect January 1, 2020.

ADOPTED

MAY 22 2019

Letty Spaw
Secretary of the Senate

FLOOR AMENDMENT NO. 1

BY: *Brian Sidwell*

1 Amend H.B. No. 1313 (senate committee printing) by striking
2 SECTIONS 2 and 3 of the bill (page 1, lines 43-46) and substituting
3 the following appropriately numbered SECTIONS:

4 SECTION _____. Section 11.26, Tax Code, is amended by
5 amending Subsection (i) and adding Subsection (i-1) to read as
6 follows:

7 (i) If an individual who qualifies for the exemption
8 provided by Section 11.13(c) [~~for an individual 65 years of age or~~
9 ~~older~~] dies, the surviving spouse of the individual is entitled to
10 the limitation applicable to the residence homestead of the
11 individual if:

12 (1) the surviving spouse is 55 years of age or older
13 when the individual dies; and

14 (2) the residence homestead of the individual:

15 (A) is the residence homestead of the surviving
16 spouse on the date that the individual dies; and

17 (B) remains the residence homestead of the
18 surviving spouse.

19 (i-1) A limitation under Subsection (i) applicable to the
20 residence homestead of the surviving spouse of an individual who
21 was disabled and who died before January 1, 2020, is calculated as
22 if the surviving spouse was entitled to the limitation when the
23 individual died.

24 SECTION _____. This Act applies only to a tax year beginning
25 on or after the effective date of this Act.

26 SECTION _____. (a) Except as provided by Subsection (b) of
27 this section, this Act takes effect January 1, 2020.

28 (b) Section 11.26, Tax Code, as amended by this Act, takes
29 effect only if the constitutional amendment proposed by the 86th

1 Legislature, Regular Session, 2019, to allow the surviving spouse
2 of a person who is disabled to receive a limitation on the school
3 district ad valorem taxes on the spouse's residence homestead if
4 the spouse is 55 years of age or older at the time of the person's
5 death is approved by the voters. If that constitutional amendment
6 is not approved by the voters, Section 11.26, Tax Code, as amended
7 by this Act, has no effect.

ADOPTED

MAY 22 2019

Debra Spaul
Secretary of the Senate

FLOOR AMENDMENT NO. 2

BY: *D. Burling*

1 Amend H.B. No. 1313 by adding the following appropriately
2 numbered SECTION to the bill and renumbering subsequent SECTIONS of
3 the bill accordingly:

4 SECTION ____ . Section 41.41, Tax Code, is amended by adding
5 Subsection (c) to read as follows:

6 (c) An appraisal district or the appraisal review board for
7 an appraisal district may not require a property owner to pay a fee
8 in connection with a protest filed by the owner with the board.

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 23, 2019

TO: Honorable Dennis Bonnen, Speaker of the House, House of Representatives

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB1313 by King, Phil (Relating to the authority of the chief appraiser of an appraisal district to increase the appraised value of property in the tax year following the year in which the appraised value of the property is lowered as a result of a protest or appeal.), **As Passed 2nd House**

Passage of the bill would allow the surviving spouse of a disabled person to retain the tax ceiling benefit. As a result, taxable property values could be reduced and the related costs to the Foundation School Fund could be increased through the operation of the school finance formulas; however the provision would require authority in the Texas Constitution to take effect.

The bill would amend Tax Code Chapter 11, regarding taxable property and exemptions, to allow the surviving spouse of a disabled person with a tax ceiling to retain the tax ceiling. The tax ceiling would be calculated as if the surviving spouse was entitled to the ceiling when the individual died if the individual who was disabled died before January 1, 2020.

The bill would amend Chapter 23 of the Tax Code, regarding appraisal methods and procedures, to increase the burden of proof from substantial evidence to clear and convincing evidence if the value was lowered under Subtitle F of Chapter 23, relating to remedies, in the prior year and the chief appraiser proposes to raise the value in the next tax year in which the property is appraised.

The bill would amend Chapter 41 of the Tax Code, regarding local review of appraisal, to prohibit an appraisal district or the appraisal review board from requiring a property owner to pay a fee in connection with a protest filed by the owner with the board.

The bill's provision allowing the surviving spouse of a disabled person to retain the tax ceiling benefit would create a cost to local taxing units currently granting the tax ceiling and to the state through the school funding formulas; however the provision would require authority in the Texas Constitution to take effect.

Increasing the standard of evidence from substantial to clear and convincing on increases in the appraised value of a property if the appraised value was lowered in the preceding year would increase the burden of proof and limit increases in appraised values resulting in a cost to local taxing units, and to the state through the school funding formulas. Current law specifying the evidence required by the chief appraiser to meet the burden of proof in an appraisal review board protest or district court appeal would not be changed under the bill. Consequently, although the value of properties that would be affected is unknown, the cost is not expected to be significant.

Note: All taxable property is appraised on January 1 each year under Section 23.01 of the Tax Code. Property could be considered to be appraised, however, only in a year in which the property was reappraised as provided under Section 25.18 of the Tax Code, regarding periodic reappraisals. Consequently, some appraisal districts may interpret the bill's provision that, after an appraised value was lowered, an increased burden of proof applies in the next tax year in which the property is appraised to mean the next year only, and other appraisal districts may interpret it to mean only a year in which it is reappraised under Section 25.18.

The bill's provision prohibiting an appraisal district or the appraisal review board from requiring a property owner to pay a fee in connection with a protest filed by the owner with the board would not affect taxable property values, tax rates, collection rates, or any other variable that might affect the revenues of units of local governments or the state.

The bill would take effect January 1, 2020.

Local Government Impact

Passage of the bill would allow the surviving spouse of a disabled person to retain the tax ceiling benefit. As a result, taxable property values and the related ad valorem tax revenue for units of local government currently granting the tax ceiling could be reduced; however the provision would require authority in the Texas Constitution to take effect.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SJS

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 8, 2019

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Property Tax

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB1313 by King, Phil (Relating to the authority of the chief appraiser of an appraisal district to increase the appraised value of property in the tax year following the year in which the appraised value of the property is lowered as a result of a protest or appeal.), **As Engrossed**

<p>No significant fiscal implication to the State is anticipated.</p>
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The bill would amend Chapter 23 of the Tax Code, regarding appraisal methods and procedures, to increase the burden of proof from substantial evidence to clear and convincing evidence if the value was lowered under Subtitle F of Chapter 23, relating to remedies, in the prior year and the chief appraiser proposes to raise the value in the next tax year in which the property is appraised.

Increasing the standard of evidence from substantial to clear and convincing on increases in the appraised value of a property if the appraised value was lowered in the preceding year would increase the burden of proof and limit increases in appraised values resulting in a cost to local taxing units, and to the state through the school funding formulas. Current law specifying the evidence required by the chief appraiser to meet the burden of proof in an appraisal review board protest or district court appeal would not be changed under the bill. Consequently, although the value of properties that would be affected is unknown, the cost is not expected to be significant.

Note: All taxable property is appraised on January 1 each year under Section 23.01 of the Tax Code. Property could be considered to be appraised, however, only in a year in which the property was reappraised as provided under Section 25.18 of the Tax Code, regarding periodic reappraisals. Consequently, some appraisal districts may interpret the bill's provision that, after an appraised value was lowered, an increased burden of proof applies in the next tax year in which the property is appraised to mean the next year only, and other appraisal districts may interpret it to mean only a year in which it is reappraised under Section 25.18.

The bill would take effect January 1, 2020.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SJS

**LEGISLATIVE BUDGET BOARD
Austin, Texas**

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 16, 2019

TO: Honorable Dustin Burrows, Chair, House Committee on Ways & Means

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB1313 by King, Phil (Relating to the authority of the chief appraiser of an appraisal district to increase the appraised value of property in the tax year following the year in which the appraised value of the property is lowered as a result of a protest or appeal.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 23 of the Tax Code, regarding appraisal methods and procedures, to increase the burden of proof from substantial evidence to clear and convincing evidence if the value was lowered under Tax Code, Subtitle F, relating to remedies, in the prior year and the chief appraiser proposes to raise the value in the following year.

Increasing the standard of evidence from substantial to clear and convincing on increases in the appraised value of a property if the appraised value was lowered in the preceding year would increase the burden of proof and limit increases in appraised values resulting in a cost to local taxing units, and to the state through the school funding formulas. Current law specifying the evidence required by the chief appraiser to meet the burden of proof in an appraisal review board protest or district court appeal would not be changed under the bill. Consequently, although the value of properties that would be affected is unknown, the cost is not expected to be significant.

The bill would take effect January 1, 2020.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SJS