

By: Beckley

H.B. No. 1099

A BILL TO BE ENTITLED

AN ACT

relating to ad valorem tax protests and appeals on the ground of the unequal appraisal of property.

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

SECTION 1. 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)(3) or 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 2. Section 41.43, Tax Code, is amended by amending Subsection (b) and adding Subsections (e) and (f) 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 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

1 less than the median level of appraisal of a sample of properties in  
2 the appraisal district consisting of a reasonable number of other  
3 properties similarly situated to, or of the same general kind or  
4 character as, the property subject to the protest; or

5 (3) the appraisal ratio [~~appraised value~~] of the  
6 property is equal to or less than the median level of appraisal  
7 [~~appraised value~~] of a reasonable number of comparable properties  
8 in the appraisal district [~~appropriately adjusted~~].

9 (e) For the purpose of Subsection (b)(3):

10 (1) a person making a determination that property is  
11 comparable to another property must base the determination on the  
12 similarity of the properties with regard to the characteristics  
13 described by Section 23.013(d); and

14 (2) a person calculating the median level of appraisal  
15 of comparable properties must base the calculation on the appraised  
16 value of each comparable property as shown in the appraisal records  
17 submitted to the appraisal review board by the chief appraiser  
18 under Section 25.22 or 25.23.

19 (f) The comptroller shall by rule establish standards for  
20 the development and calibration of adjustments to the appraised  
21 value for industrial, petrochemical refining and processing, and  
22 utility properties and other unique properties.

23 SECTION 3. Section 42.26, Tax Code, is amended by amending  
24 Subsections (a) and (b) and adding Subsections (e) and (f) to read  
25 as follows:

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

1           (1) the appraisal ratio of the property exceeds by at  
2 least 10 percent the median level of appraisal of a reasonable and  
3 representative sample of other properties in the appraisal  
4 district;

5           (2) the appraisal ratio of the property exceeds by at  
6 least 10 percent the median level of appraisal of a sample of  
7 properties in the appraisal district consisting of a reasonable  
8 number of other properties similarly situated to, or of the same  
9 general kind or character as, the property subject to the appeal; or

10           (3) the appraisal ratio [~~appraised value~~] of the  
11 property exceeds by at least 10 percent the median level of  
12 appraisal [~~appraised value~~] of a reasonable number of comparable  
13 properties in the appraisal district [~~appropriately adjusted~~].

14           (b) If a property owner is entitled to relief under a  
15 subdivision of Subsection (a) [~~(a)(1)~~], the court shall order the  
16 property's appraised value changed to the value as calculated on  
17 the basis of the median level of appraisal according to that  
18 subdivision [~~Subsection (a)(1). If a property owner is entitled to~~  
19 ~~relief under Subsection (a)(2), the court shall order the~~  
20 ~~property's appraised value changed to the value calculated on the~~  
21 ~~basis of the median level of appraisal according to Subsection~~  
22 ~~(a)(2). If a property owner is entitled to relief under Subsection~~  
23 ~~(a)(3), the court shall order the property's appraised value~~  
24 ~~changed to the value calculated on the basis of the median appraised~~  
25 ~~value according to Subsection (a)(3)]]. If a property owner is  
26 entitled to relief under more than one subdivision of Subsection  
27 (a), the court shall order the property's appraised value changed~~

1 to the value that results in the lowest appraised value. The court  
2 shall determine each applicable median level of appraisal [~~or~~  
3 ~~median appraised value~~] according to law, and is not required to  
4 adopt the median level of appraisal [~~or median appraised value~~]  
5 proposed by a party to the appeal. The court may not limit or deny  
6 relief to the property owner entitled to relief under a subdivision  
7 of Subsection (a) because the appraised value determined according  
8 to another subdivision of Subsection (a) results in a higher  
9 appraised value.

10 (e) For the purpose of Subsection (a)(3):

11 (1) a person making a determination that property is  
12 comparable to another property must base the determination on the  
13 similarity of the properties with regard to the characteristics  
14 described by Section 23.013(d); and

15 (2) a person calculating the median level of appraisal  
16 of comparable properties must base the calculation on the appraised  
17 value of each comparable property as shown in the appraisal records  
18 certified by the chief appraiser under Section 26.01.

19 (f) The comptroller shall by rule establish standards for  
20 the development and calibration of adjustments to the appraised  
21 value for industrial, petrochemical refining and processing, and  
22 utility properties and other unique properties.

23 SECTION 4. Section 42.29, Tax Code, is amended by amending  
24 Subsection (b) and adding Subsection (c) to read as follows:

25 (b) Notwithstanding Subsection (a), the amount of an award  
26 of attorney's fees to a property owner may not exceed the lesser of:

27 (1) \$100,000; or

1           (2) the total amount by which the property owner's tax  
2 liability is reduced as a result of the appeal.

3           (c) An appraisal district, an appraisal review board, or a  
4 chief appraiser that prevails in an appeal under Section 42.26 may  
5 be awarded reasonable attorney's fees. The amount of the award may  
6 not exceed \$15,000.

7           SECTION 5. Not later than January 1, 2022, the comptroller  
8 shall establish the standards required by Sections 41.43(f) and  
9 42.26(f), Tax Code, as added by this Act.

10          SECTION 6. Section 41.43, Tax Code, as amended by this Act,  
11 applies only to a protest under Chapter 41, Tax Code, for which a  
12 notice of protest is filed on or after the effective date of this  
13 Act. A protest under Chapter 41, Tax Code, for which a notice of  
14 protest was filed before the effective date of this Act is governed  
15 by the law in effect on the date the notice of protest was filed, and  
16 the former law is continued in effect for that purpose.

17          SECTION 7. Sections 42.26 and 42.29, Tax Code, as amended by  
18 this Act, apply only to an appeal under Chapter 42, Tax Code, for  
19 which a petition for review is filed on or after the effective date  
20 of this Act. An appeal under Chapter 42, Tax Code, for which a  
21 petition for review was filed before the effective date of this Act  
22 is governed by the law in effect on the date the petition for review  
23 was filed, and the former law is continued in effect for that  
24 purpose.

25          SECTION 8. This Act takes effect September 1, 2021.