

By: Thierry

H.B. No. 3260

A BILL TO BE ENTITLED

AN ACT

1
2 relating to ad valorem taxation, including the disclosure of the
3 sales price of real property to use in appraising property for ad
4 valorem tax purposes and the effect of an unfunded mandate on the
5 use by a political subdivision of ad valorem tax revenue.

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

7 SECTION 1. This Act may be cited as the Texas Homeowners Tax
8 Relief Act.

9 SECTION 2. Section 6.30(c), Tax Code, is amended to read as
10 follows:

11 (c) The governing body of a taxing unit may contract with
12 any competent attorney to represent the taxing unit to enforce the
13 collection of delinquent taxes. The attorney's compensation is set
14 in the contract, but the total amount of compensation provided may
15 not exceed 15 [~~20~~] percent of the amount of delinquent tax, penalty,
16 and interest collected.

17 SECTION 3. Section 11.13(n), Tax Code, is amended to read as
18 follows:

19 (n) The [~~In addition to any other exemptions provided by~~
20 ~~this section, an individual is entitled to an exemption from~~
21 ~~taxation by a taxing unit of a percentage of the appraised value of~~
22 ~~his residence homestead if the exemption is adopted by the]~~
23 governing body of a a [~~the~~] taxing unit, [~~before July 1~~] in the manner
24 provided by law for official action by the body, may adopt an

1 exemption from taxation by the taxing unit of either a percentage of
 2 the appraised value of an individual's residence homestead or a
 3 portion, expressed as a dollar amount, of the appraised value of an
 4 individual's residence homestead, but not both. The exemption must
 5 be adopted by the governing body before July 1 of the tax year in
 6 which the exemption applies. If the governing body adopts a
 7 percentage exemption and the percentage set by the body [~~taxing~~
 8 unit] produces an exemption in a tax year of less than \$5,000 when
 9 applied to a particular residence homestead, the individual is
 10 entitled to an exemption of \$5,000 of the appraised value. A [The]
 11 percentage exemption adopted by the governing body [~~taxing unit~~]
 12 may not exceed 20 percent. If the governing body adopts an
 13 exemption of a portion, expressed as a dollar amount, of the
 14 appraised value of a residence homestead, the amount of the
 15 exemption in a tax year may not be less than \$5,000 or more than
 16 \$100,000. An individual is entitled to an exemption adopted under
 17 this subsection in addition to any other exemptions provided by
 18 this section.

19 SECTION 4. The heading to Subchapter C, Chapter 22, Tax
 20 Code, is amended to read as follows:

21 SUBCHAPTER C. [~~OTHER~~] REPORTS OF POLITICAL SUBDIVISION ACTIONS

22 SECTION 5. Chapter 22, Tax Code, is amended by adding
 23 Subchapter D to read as follows:

24 SUBCHAPTER D. REPORT OF SALES PRICE

25 Sec. 22.61. ELECTION TO AUTHORIZE REQUIRED DISCLOSURE OF
 26 SALES PRICE. (a) The commissioners court of a county may call an
 27 election to permit the voters of the county to determine whether a

1 person must disclose the sales price of real property in the manner
2 provided by this subchapter.

3 (b) The commissioners court must order that an election
4 authorized by this section be held in the county on the first
5 November uniform election date prescribed by Section 41.001,
6 Election Code, that allows sufficient time to comply with other
7 requirements of law.

8 (c) If a majority of the votes cast at the election favor the
9 establishment of mandatory sales price disclosure for the sale of
10 real property, the provisions of this subchapter apply to sales of
11 real property in the county beginning with real property sold
12 during the tax year following the year in which the election is
13 held.

14 Sec. 22.62. SALES PRICE DISCLOSURE REPORT. (a) Except as
15 provided by Subsection (b), not later than the 10th day after the
16 date the deed is recorded in the county real property records, the
17 purchaser of real property under a recorded deed conveying an
18 interest in the real property shall file a sales price disclosure
19 report with the chief appraiser of the appraisal district
20 established for the county in which the property is located.

21 (b) This section does not apply to a sale or other transfer
22 of real property if:

- 23 (1) the sale or other transfer is made:
24 (A) under a court order;
25 (B) to or from a trustee in bankruptcy;
26 (C) under a power of sale under a deed of trust or
27 other encumbrance secured by the property;

- 1 (D) by a deed in lieu of foreclosure;
2 (E) by one co-owner to one or more other
3 co-owners;
4 (F) to a spouse or to a person or persons in the
5 first degree of lineal consanguinity of one or more of the sellers
6 or grantors;
7 (G) to or from a governmental entity;
8 (H) through the use of eminent domain; or
9 (I) to a utility company and the real property is
10 an easement, license, or right-of-way;
11 (2) the transaction represents:
12 (A) a transfer of title pursuant to a merger or
13 combination of corporations, partnerships, limited liability
14 companies, or other entities under common control; or
15 (B) a transfer among entities under common
16 control:
17 (i) as a contribution to, or a dividend or
18 distribution of, capital for no consideration or nominal
19 consideration; or
20 (ii) in sole consideration for canceling or
21 surrendering an interest in a corporation, partnership, limited
22 liability company, or other entity; or
23 (3) the real property:
24 (A) may qualify as a residence homestead as
25 defined by Section 11.13;
26 (B) is a severed mineral interest;
27 (C) is a timeshare interest in real property; or

1 (D) has been sold or acquired for \$250,000 or
2 less.

3 (c) A sales price disclosure report must be signed by the
4 purchaser of the real property described in the report.

5 Sec. 22.63. REPORT FORM. (a) The purchaser shall disclose
6 in the report:

7 (1) the sales price of the real property; and

8 (2) the purchaser's name and mailing address.

9 (b) The purchaser may disclose in the report:

10 (1) the method used to finance the sales price, such as
11 a cash sale, cash and third-party financing, cash and seller
12 financing, or another method;

13 (2) whether the sale involved property other than real
14 property and the other type of property, whether tangible or
15 intangible, involved in the sale, and, if so, the portion of the
16 sales price allocated among real property, tangible personal
17 property used for the production of income, and intangibles;

18 (3) whether the sale involved property located in more
19 than one county, and, if so, the portion of the sales price or other
20 consideration allocated to the portion of the property located in
21 each county;

22 (4) whether the sale was part of a combined sale of
23 real property investments, and, if so, the portion of the combined
24 sales price allocated to the real property reported under
25 Subsection (a);

26 (5) whether the sale involved a tax exchange under
27 Section 1031, Internal Revenue Code of 1986;

1 (6) whether the sale involved the sale of an entire
2 business or business unit; and

3 (7) a description of any unusual or extraordinary
4 terms of the sale or transfer that affected the amount of the sales
5 price.

6 (c) The comptroller shall prepare and make available sales
7 price disclosure report forms that conform to the requirements of
8 this section.

9 Sec. 22.64. FILING AND RECEIPT OF REPORT. (a) A purchaser
10 may file a sales price disclosure report with a chief appraiser by
11 mail, hand delivery, or, if permitted by the chief appraiser,
12 electronic mail or other electronic means.

13 (b) On receipt of the completed sales price disclosure
14 report, the chief appraiser shall provide to the purchaser a
15 written acknowledgement that the report has been received. If the
16 acknowledgement of receipt is mailed, the chief appraiser shall
17 mail it to the purchaser at the address provided in the report.

18 Sec. 22.65. PREPARATION OF REPORT; IMMUNITY FROM LIABILITY.
19 (a) A sales price disclosure report must be prepared by the
20 purchaser of the property described in the report or by another
21 person on behalf of the purchaser.

22 (b) A person who prepares a sales price disclosure report on
23 behalf of a purchaser of the property described in the report is not
24 liable to any person for preparing the report or for any
25 unintentional error or omission in the report.

26 Sec. 22.66. ACTION TO COMPEL COMPLIANCE. The chief
27 appraiser may bring an action for an injunction to compel a person

1 to comply with the requirements of this subchapter. If the court
2 finds that this subchapter applies and that the person has failed to
3 fully comply with its requirements, the court:

- 4 (1) shall order the person to comply; and
5 (2) may assess costs and reasonable attorney's fees
6 against the person.

7 Sec. 22.67. PUBLIC INFORMATION. A sales price disclosure
8 report filed with the chief appraiser under this subchapter is
9 public information under Chapter 552, Government Code.

10 SECTION 6. Section 23.013, Tax Code, is amended by adding
11 Subsection (e) to read as follows:

12 (e) The chief appraiser may use information contained in a
13 sales price disclosure report filed under Subchapter D, Chapter 22,
14 in determining the market value of real property but may not
15 increase the market value of the real property described in the
16 report solely on the basis of the information contained in the
17 report.

18 SECTION 7. Subchapter B, Chapter 23, Tax Code, is amended by
19 adding Section 23.27 to read as follows:

20 Sec. 23.27. ADJUSTMENTS FOR UNIQUE PROPERTIES. The
21 comptroller by rule shall establish standards for the development
22 and calibration of adjustments to be used in determining the
23 appraised value for industrial, petrochemical refining and
24 processing, and utility properties and other unique properties.

25 SECTION 8. Section 31.01(c), Tax Code, is amended to read as
26 follows:

27 (c) The tax bill or a separate statement accompanying the

1 tax bill shall:

2 (1) identify the property subject to the tax;

3 (2) state the appraised value, assessed value, and
4 taxable value of the property;

5 (3) if the property is land appraised as provided by
6 Subchapter C, D, E, or H, Chapter 23, state the market value and the
7 taxable value for purposes of deferred or additional taxation as
8 provided by Section 23.46, 23.55, 23.76, or 23.9807, as applicable;

9 (4) state the assessment ratio for the taxing unit;

10 (5) state the type and amount of any partial exemption
11 applicable to the property, indicating whether it applies to
12 appraised or assessed value;

13 (6) state the total tax rate for the taxing unit;

14 (7) state the amount of tax due, the due date, and the
15 delinquency date;

16 (8) explain the payment option and discounts provided
17 by Sections 31.03 and 31.05, if available to the taxing unit's
18 taxpayers, and state the date on which each of the discount periods
19 provided by Section 31.05 concludes, if the discounts are
20 available;

21 (9) state the rates of penalty and interest imposed
22 for delinquent payment of the tax;

23 (10) include the name and telephone number of the
24 assessor for the taxing unit and, if different, of the collector for
25 the taxing unit;

26 (11) for real property, state for the current tax year
27 and each of the preceding five tax years:

1 (A) the appraised value and taxable value of the
2 property;

3 (B) the total tax rate for the taxing unit;

4 (C) the amount of taxes imposed on the property
5 by the taxing unit; and

6 (D) the difference, expressed as a percent
7 increase or decrease, as applicable, in the amount of taxes imposed
8 on the property by the taxing unit compared to the amount imposed
9 for the preceding tax year; [~~and~~]

10 (12) for real property, state the differences,
11 expressed as a percent increase or decrease, as applicable, in the
12 following for the current tax year as compared to the fifth tax year
13 before that tax year:

14 (A) the appraised value and taxable value of the
15 property;

16 (B) the total tax rate for the taxing unit; and

17 (C) the amount of taxes imposed on the property
18 by the taxing unit; and

19 (13) for real property, in a section entitled "average
20 homestead exemption cost":

21 (A) state the total dollar amount of tax
22 exemptions for residence homesteads granted by the taxing unit
23 under Sections 11.13(c), 11.131, 11.132, 11.133, 11.134, 11.22, and
24 11.35 that were granted by the taxing unit for the preceding tax
25 year; and

26 (B) state the amount of additional taxes paid by
27 the owner of a residence homestead that did not receive any of the

1 exemptions listed in Paragraph (A), expressed as \$_____ per \$100
2 valuation, compared to the amount per \$100 valuation each resident
3 homestead would have paid if those exemptions had not been granted.

4 SECTION 9. Section 41.43, Tax Code, is amended by amending
5 Subsection (b) and adding Subsection (e) to read as follows:

6 (b) A protest on the ground of unequal appraisal of property
7 shall be determined in favor of the protesting party unless the
8 appraisal district establishes that:

9 (1) the appraisal ratio of the property is equal to or
10 less than the median level of appraisal of a reasonable and
11 representative sample of other properties in the appraisal
12 district;

13 (2) the appraisal ratio of the property is equal to or
14 less than the median level of appraisal of a sample of properties in
15 the appraisal district consisting of a reasonable number of other
16 properties similarly situated to, or of the same general kind or
17 character as, the property subject to the protest; [~~or~~]

18 (3) the appraised value of the property is equal to or
19 less than the median appraised value of a reasonable number of
20 comparable properties appropriately adjusted and:

21 (A) the property qualified as a residence
22 homestead under Section 11.13 for the relevant tax year; or

23 (B) the appraised value of the property is
24 \$250,000 or less; or

25 (4) the appraisal ratio of the property is equal to or
26 less than the median level of appraisal of a reasonable and
27 representative sample of comparable properties in the appraisal

1 district.

2 (e) For the purposes of Subsections (b)(3) and (4), a person
3 making a determination that property is comparable to another
4 property must, in addition to the requirement of Section 23.01(f),
5 base the determination on the similarity of the properties with
6 regard to the characteristics described by Section 23.013(d).

7 SECTION 10. Section 42.26, Tax Code, is amended by amending
8 Subsections (a) and (b) and adding Subsection (e) to read as
9 follows:

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

12 (1) the appraisal ratio of the property exceeds by at
13 least 10 percent the median level of appraisal of a reasonable and
14 representative sample of other properties in the appraisal
15 district;

16 (2) the appraisal ratio of the property exceeds by at
17 least 10 percent the median level of appraisal of a sample of
18 properties in the appraisal district consisting of a reasonable
19 number of other properties similarly situated to, or of the same
20 general kind or character as, the property subject to the appeal;
21 [~~or~~]

22 (3) the appraised value of the property exceeds the
23 median appraised value of a reasonable number of comparable
24 properties appropriately adjusted and:

25 (A) the property qualified as a residence
26 homestead under Section 11.13 for the relevant tax year; or

27 (B) the appraised value of the property as

1 determined by the order of the appraisal review board is \$250,000 or
2 less; or

3 (4) the appraisal ratio of the property exceeds by at
4 least 10 percent the median level of appraisal of a reasonable and
5 representative sample of comparable properties in the appraisal
6 district.

7 (b) If a property owner is entitled to relief under
8 Subsection (a)(1), (2), or (4), the court shall order the
9 property's appraised value changed to the value as calculated on
10 the basis of the median level of appraisal according to Subsection
11 (a)(1), (2), or (4), as applicable. [~~If a property owner is~~
12 ~~entitled to relief under Subsection (a)(2), the court shall order~~
13 ~~the property's appraised value changed to the value calculated on~~
14 ~~the basis of the median level of appraisal according to Subsection~~
15 ~~(a)(2).~~] If a property owner is entitled to relief under Subsection
16 (a)(3), the court shall order the property's appraised value
17 changed to the value calculated on the basis of the median appraised
18 value according to Subsection (a)(3). If a property owner is
19 entitled to relief under more than one subdivision of Subsection
20 (a), the court shall order the property's appraised value changed
21 to the value that in the judgment of the court best reflects the
22 median level of appraisal [~~results in the lowest appraised value~~].
23 The court shall determine each applicable median level of appraisal
24 or median appraised value according to law, and is not required to
25 adopt the median level of appraisal or median appraised value
26 proposed by a party to the appeal. The court may not limit or deny
27 relief to the property owner entitled to relief under a subdivision

1 of Subsection (a) because the appraised value determined according
2 to another subdivision of Subsection (a) results in a higher
3 appraised value.

4 (e) For the purposes of Subsections (a)(3) and (4), a person
5 making a determination that property is comparable to another
6 property must, in addition to the requirement of Section 23.01(f),
7 base the determination on the similarity of the properties with
8 regard to the characteristics described by Section 23.013(d).

9 SECTION 11. Section 320.001, Government Code, is amended to
10 read as follows:

11 Sec. 320.001. DEFINITION. In this chapter, "mandate" means
12 a requirement made by a statute enacted by the legislature or by
13 rule of a state agency on or after January 1, 1997, that requires a
14 political subdivision to establish, expand, or modify an activity
15 in a way that requires the expenditure of revenue by the political
16 subdivision that would not have been required in the absence of the
17 statutory provision or rule.

18 SECTION 12. Chapter 320, Government Code, is amended by
19 adding Section 320.002 to read as follows:

20 Sec. 320.002. EFFECT OF MANDATE. (a) A political
21 subdivision is not required to pay for a mandate unless:

22 (1) the political subdivision determines that it can
23 do so without raising its ad valorem tax rate to pay for the
24 mandate; or

25 (2) the legislature appropriates or otherwise
26 provides for payment or reimbursement to the political subdivision
27 of the costs that will be incurred by the political subdivision in

1 complying with the mandate.

2 (b) Subsection (a) does not apply to a mandate:

3 (1) imposed by the legislature or a state agency to
4 comply with a requirement of the constitution of this state,
5 federal law, or a court order;

6 (2) approved by the voters of this state at a general
7 election; or

8 (3) for which the comptroller estimates the aggregate
9 cost to all political subdivisions to comply with the mandate will
10 be less than \$1 million per state fiscal year.

11 SECTION 13. Section 6.30(c), Tax Code, as amended by this
12 Act, applies only to a contract for the collection of delinquent ad
13 valorem taxes that is entered into on or after January 1, 2022.

14 SECTION 14. Section 11.13(n), Tax Code, as amended by this
15 Act, applies only to ad valorem taxes imposed for a tax year that
16 begins on or after January 1, 2022.

17 SECTION 15. Subchapter D, Chapter 22, Tax Code, as added by
18 this Act, applies only to a sale of real property that occurs on or
19 after January 1, 2023.

20 SECTION 16. As soon as practicable after September 1, 2021,
21 but not later than June 1, 2022, the comptroller of public accounts
22 shall prepare and make available the sales price disclosure report
23 forms prescribed by Section 22.63, Tax Code, as added by this Act.

24 SECTION 17. Not later than January 1, 2022, the comptroller
25 of public accounts shall establish the standards required by
26 Section 23.27, Tax Code, as added by this Act.

27 SECTION 18. Section 31.01(c), Tax Code, as amended by this

1 Act, applies only to a bill for ad valorem taxes imposed for a tax
2 year beginning on or after January 1, 2022.

3 SECTION 19. Section 41.43, Tax Code, as amended by this Act,
4 applies only to a protest under Chapter 41, Tax Code, for which a
5 notice of protest is filed on or after January 1, 2022.

6 SECTION 20. Section 42.26, Tax Code, as amended by this Act,
7 applies only to an appeal under Chapter 42, Tax Code, for which a
8 petition for review is filed on or after January 1, 2022. An appeal
9 under Chapter 42, Tax Code, for which a petition for review was
10 filed before January 1, 2022, is governed by the law in effect on
11 the date the petition for review was filed, and the former law is
12 continued in effect for that purpose.

13 SECTION 21. (a) Except as provided by Subsections (b) and
14 (c) of this section, this Act takes effect January 1, 2022.

15 (b) Section 11.13(n), Tax Code, as amended by this Act,
16 takes effect January 1, 2022, but only if the constitutional
17 amendment proposed by the 87th Legislature, Regular Session, 2021,
18 authorizing the governing body of a political subdivision to adopt
19 a residence homestead exemption from ad valorem taxation of either
20 a percentage or a portion, expressed as a dollar amount, of the
21 market value of an individual's residence homestead is approved by
22 the voters. If that amendment is not approved by the voters, this
23 Act has no effect.

24 (c) Subchapter D, Chapter 22, Tax Code, as added by this
25 Act, takes effect September 1, 2021.