

# SENATE AMENDMENTS

## 2<sup>nd</sup> Printing

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H.B. No. 988

A BILL TO BE ENTITLED

1 AN ACT  
2 relating to the system for appraising property for ad valorem tax  
3 purposes; creating a criminal offense.

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

5 SECTION 1. Section 5.103, Tax Code, is amended by amending  
6 Subsection (d) and adding Subsection (e) to read as follows:

7 (d) An appraisal review board shall incorporate [~~follow~~]  
8 the model hearing procedures prepared by the comptroller when  
9 adopting the board's [~~establishing its~~] procedures for hearings as  
10 required by Section 41.01(c). An appraisal review board may adopt  
11 procedures that supplement the model hearing procedures, provided  
12 that the supplemental procedures do not contradict or circumvent  
13 the model hearing procedures.

14 (e) Each year the comptroller shall review the hearing  
15 procedures adopted by each appraisal review board to determine  
16 whether the hearing procedures incorporate the model hearing  
17 procedures prepared by the comptroller under this section  
18 [41.66(a)].

19 SECTION 2. Section 5.104(1), Tax Code, is amended to read as  
20 follows:

21 (1) The comptroller shall issue an annual report that  
22 summarizes the information included in the surveys submitted during  
23 the preceding tax year. The report must also include a summary of  
24 the comments, complaints, and suggestions forwarded to the

1 comptroller during the preceding tax year by taxpayer liaison  
2 officers under Section 6.052(a), the results of the comptroller's  
3 review of appraisal review board hearing procedures during the  
4 preceding tax year under Section 5.103(e), and the results of  
5 requests for limited binding arbitration filed with the comptroller  
6 during the preceding tax year under Section 41A.015. The report may  
7 not disclose the identity of an individual who submitted a survey,  
8 comment, complaint, suggestion, or request for arbitration.

9 SECTION 3. Section 6.04(d), Tax Code, is amended to read as  
10 follows:

11 (d) The board shall develop and implement policies that  
12 provide the public with reasonable opportunity to appear before the  
13 board to speak on any issue under the jurisdiction of the board.  
14 Reasonable time shall be provided during each board meeting for  
15 public comment on appraisal district and appraisal review board  
16 policies and procedures, and a report from the taxpayer liaison  
17 officer [~~if one is required by Section 6.052~~].

18 SECTION 4. Section 6.052, Tax Code, is amended by amending  
19 Subsections (a), (b), and (c) and adding Subsection (g) to read as  
20 follows:

21 (a) The board of directors for an appraisal district  
22 [~~created for a county with a population of more than 120,000~~] shall  
23 appoint a taxpayer liaison officer who shall serve at the pleasure  
24 of the board. The taxpayer liaison officer shall administer the  
25 public access functions required by Sections 6.04(d), (e), and (f),  
26 and is responsible for resolving disputes not involving matters  
27 that may be protested under Section 41.41. In addition, the

1 taxpayer liaison officer is responsible for receiving, and  
2 compiling a list of, comments, complaints, and suggestions filed by  
3 the chief appraiser, a property owner, or a property owner's agent  
4 concerning the matters listed in Section 5.103(b) or any other  
5 matter related to the fairness and efficiency of the appraisal  
6 review board established for the appraisal district. The taxpayer  
7 liaison officer shall forward to the comptroller comments,  
8 complaints, and suggestions filed under this subsection in the form  
9 and manner prescribed by the comptroller not later than December 31  
10 of each year. A person may serve as the taxpayer liaison officer  
11 for more than one appraisal district if each appraisal district for  
12 which the person is appointed to serve as taxpayer liaison officer  
13 is established for a county with a population of less than 120,000.

14 (b) The taxpayer liaison officer shall provide to the public  
15 information and materials designed to assist property owners in  
16 understanding the appraisal process, protest procedures, the  
17 procedure for filing comments, complaints, and suggestions under  
18 Subsection (a) of this section or a complaint under Section  
19 6.04(g), and other matters. Information concerning the process for  
20 submitting comments, complaints, and suggestions to the  
21 comptroller concerning an appraisal review board shall be provided  
22 at each protest hearing.

23 (c) The taxpayer liaison officer shall report to the board  
24 at each meeting on the status of all comments, complaints, and  
25 suggestions filed with the officer under Subsection (a) of this  
26 section and all complaints filed with the board under Section  
27 6.04(g).

1       (g) Notwithstanding any other provision of this chapter, a  
2 taxpayer liaison officer does not commit an offense under this  
3 chapter if the officer communicates with the chief appraiser or  
4 another employee or agent of the appraisal district, a member of the  
5 appraisal review board established for the appraisal district, a  
6 member of the board of directors of the appraisal district, a  
7 property tax consultant, a property owner, an agent of a property  
8 owner, or another person if the communication is made in the good  
9 faith exercise of the officer's statutory duties.

10       SECTION 5. Subchapter A, Chapter 6, Tax Code, is amended by  
11 adding Section 6.155 to read as follows:

12       Sec. 6.155. CERTAIN COMMUNICATIONS BY TAXING UNITS  
13 PROHIBITED; PENALTY. (a) A member of the governing body, officer,  
14 or employee of a taxing unit commits an offense if the person  
15 directly or indirectly communicates with the chief appraiser or  
16 another employee of the appraisal district in which the taxing unit  
17 participates for the purpose of influencing the value at which  
18 property in the district is appraised.

19       (b) An offense under this section is a state jail felony.

20       SECTION 6. Section 11.253(a)(2), Tax Code, is amended to  
21 read as follows:

22               (2) "Goods-in-transit" means tangible personal  
23 property that:

24                       (A) is acquired in or imported into this state to  
25 be forwarded to another location in this state or outside this  
26 state;

27                       (B) is stored under a contract of bailment by a

1 public warehouse operator at one or more public warehouse  
2 facilities in this state that are not in any way owned or controlled  
3 by the owner of the personal property for the account of the person  
4 who acquired or imported the property;

5 (C) is transported to another location in this  
6 state or outside this state not later than 175 days, or, if  
7 applicable, the greater number of days adopted by the taxing unit as  
8 authorized by Subsection (1), after the date the person acquired  
9 the property in or imported the property into this state; and

10 (D) does not include oil, natural gas, petroleum  
11 products, aircraft, dealer's motor vehicle inventory, dealer's  
12 vessel and outboard motor inventory, dealer's heavy equipment  
13 inventory, or retail manufactured housing inventory.

14 SECTION 7. Section 11.253, Tax Code, is amended by amending  
15 Subsections (e) and (g) and adding Subsection (1) to read as  
16 follows:

17 (e) In determining the market value of goods-in-transit  
18 that in the preceding year were stored in this state, the chief  
19 appraiser shall exclude the cost of equipment, machinery, or  
20 materials that entered into and became component parts of the  
21 goods-in-transit but were not themselves goods-in-transit or that  
22 were not transported to another location in this state or outside  
23 this state before the expiration of 175 days, or, if applicable, the  
24 greater number of days adopted by the taxing unit as authorized by  
25 Subsection (1), after the date they were brought into this state by  
26 the property owner or acquired by the property owner in this state.  
27 For component parts held in bulk, the chief appraiser may use the

1 average length of time a component part was held by the owner of the  
2 component parts during the preceding year at a location in this  
3 state that was not owned by or under the control of the owner of the  
4 component parts in determining whether the component parts were  
5 transported to another location in this state or outside this state  
6 before the expiration of 175 days, or, if applicable, the greater  
7 number of days adopted by the taxing unit as authorized by  
8 Subsection (l).

9 (g) If the property owner or the chief appraiser  
10 demonstrates that the method provided by Subsection (d)  
11 significantly understates or overstates the market value of the  
12 property qualified for an exemption under Subsection (b) in the  
13 current year, the chief appraiser shall determine the market value  
14 of the goods-in-transit to be exempt by determining, according to  
15 the property owner's records and any other available information,  
16 the market value of those goods-in-transit owned by the property  
17 owner on January 1 of the current year, excluding the cost of  
18 equipment, machinery, or materials that entered into and became  
19 component parts of the goods-in-transit but were not themselves  
20 goods-in-transit or that were not transported to another location  
21 in this state or outside this state before the expiration of 175  
22 days, or, if applicable, the greater number of days adopted by the  
23 taxing unit as authorized by Subsection (l), after the date they  
24 were brought into this state by the property owner or acquired by  
25 the property owner in this state.

26 (l) This subsection applies only to a taxing unit any part  
27 of which is located in an area designated a disaster area by a

1 disaster declaration issued under Section 418.014 or 418.108,  
2 Government Code, that has not expired or otherwise been terminated.  
3 The governing body of a taxing unit, in the manner provided by law  
4 for official action, may extend the date by which goods-in-transit  
5 must be transported to another location in this state or outside  
6 this state to a date not later than the 270th day after the date the  
7 person acquired the property in or imported the property into this  
8 state. An extension adopted by official action under this  
9 subsection applies only to:

10 (1) the exemption from ad valorem taxation by the  
11 taxing unit adopting the extension; and

12 (2) the tax year in which the extension is adopted.

13 SECTION 8. Section 23.55, Tax Code, is amended by adding  
14 Subsections (e-1) and (r) to read as follows:

15 (e-1) A property owner may request in writing that the chief  
16 appraiser determine whether a change of use of the property owner's  
17 land has occurred. The request must state the manner in which the  
18 property owner is currently using the land. Not later than the 90th  
19 day after the date the chief appraiser receives the request, the  
20 chief appraiser shall provide the property owner with a written  
21 determination that includes a description of the current use of the  
22 land and a statement as to whether the current use of the land has  
23 resulted in a change of use of the land. If the chief appraiser  
24 determines that a change of use of the land has not occurred, the  
25 chief appraiser may not later determine that a change of use of the  
26 land has occurred on the basis of the use described in the written  
27 determination.

1       (r) The sanctions provided by Subsection (a) do not apply to  
2 a change in the use of land if, after the change in use, the physical  
3 characteristics of the land remain consistent with the physical  
4 characteristics of the land during the period for which the land was  
5 eligible for appraisal under this subchapter.

6       SECTION 9. Section 25.02, Tax Code, is amended by adding  
7 Subsections (c), (d), (e), and (f) to read as follows:

8       (c) Each appraisal record must have a unique account number.  
9 If an appraisal district changes the account number of an appraisal  
10 record, the appraisal district must provide written notice of the  
11 change to the property owner as soon as practicable after the change  
12 and provide notice of the change in the next notice of appraised  
13 value of the property included in the record that is delivered to  
14 the property owner under Section 25.19.

15       (d) This subsection does not apply to an appraisal record  
16 for a residential property, for an improvement only, or for a  
17 property on which a delinquent tax is due. On the written request  
18 of a property owner, the chief appraiser shall combine contiguous  
19 parcels or tracts of the owner's real property into a single  
20 appraisal record. On the written request of a property owner, the  
21 chief appraiser shall separate identifiable segments of the owner's  
22 parcel or tract of real property into individual appraisal records.

23       (e) A property owner must make a request under Subsection  
24 (d) before January 1 of the tax year for which the requested change  
25 to the appraisal records is to be made. The request must contain a  
26 legal description as contained in a deed sufficient to describe the  
27 property subject to the request.



1       (f) If a chief appraiser refuses to combine parcels or  
2 tracts, or separate a parcel or tract, on request of a property  
3 owner under Subsection (d), the appraisal review board may order  
4 the requested change on a motion filed by the property owner under  
5 Section 25.25 or a protest filed under Chapter 41.

6       SECTION 10. Section 25.19, Tax Code, is amended by adding  
7 Subsections (m) and (n) to read as follows:

8       (m) The chief appraiser may not deliver a corrected or  
9 amended notice of appraised value later than June 1 for property for  
10 which a person files a rendition statement or property report as  
11 required by Chapter 22 unless the purpose of the notice is to:

12               (1) include omitted property; or

13               (2) correct a clerical error.

14       (n) As soon as practicable after delivering a notice  
15 required by this section to a property owner, the chief appraiser  
16 shall post the notice on the appraisal district's Internet website,  
17 if the appraisal district maintains a website, as part of the  
18 appraisal record pertaining to the property.

19       SECTION 11. Section 31.11(h), Tax Code, is amended to read  
20 as follows:

21       (h) This section does not apply to an overpayment caused by  
22 a change of exemption status or correction of a tax roll, including  
23 an overpayment received after a correction of a tax roll as a result  
24 of an appeal under Chapter 42. Such an overpayment is covered by  
25 Section 26.15 or 42.43, as applicable.

26       SECTION 12. Section 41.01, Tax Code, is amended by adding  
27 Subsections (c), (d), and (e) to read as follows:

1       (c) The appraisal review board by rule shall adopt  
2 procedures for hearings the board conducts under this subchapter  
3 and Subchapter C. Before adopting the hearing procedures, the  
4 board shall hold a public hearing to consider the hearing  
5 procedures proposed for adoption by the board. Not later than May  
6 15 of each year, the board shall hold the hearing, make any  
7 amendments to the proposed hearing procedures the board determines  
8 are necessary, and by resolution finally adopt the hearing  
9 procedures. The board must comply with Section 5.103(d) when  
10 adopting the hearing procedures. The chairman of the board has  
11 exclusive authority over the administration of hearing procedures  
12 adopted by the board.

13       (d) The appraisal review board shall distribute copies of  
14 the hearing procedures adopted by the board to the board of  
15 directors of, and the taxpayer liaison officer for, the appraisal  
16 district for which the appraisal review board is established and to  
17 the comptroller not later than the 15th day after the date the board  
18 adopts the hearing procedures.

19       (e) The appraisal review board shall post a copy of the  
20 hearing procedures adopted by the board:

21               (1) in a prominent place in each room in which the  
22 board conducts hearings under this subchapter and Subchapter C; and

23               (2) if the appraisal district for which the board is  
24 established maintains an Internet website, on the appraisal  
25 district's website.

26       SECTION 13. Section 41.44(d), Tax Code, is amended to read  
27 as follows:

1 (d) A notice of protest is sufficient if it identifies the  
2 protesting property owner, including a person claiming an ownership  
3 interest in the property even if that person is not listed on the  
4 appraisal records as an owner of the property, identifies the  
5 property that is the subject of the protest, and indicates apparent  
6 dissatisfaction with some determination of the appraisal  
7 office. The notice need not be on an official form, but the  
8 comptroller shall prescribe a form that provides for more detail  
9 about the nature of the protest. The form must permit a property  
10 owner to include each property in the appraisal district that is the  
11 subject of a protest. The form must permit a property owner to  
12 request that the protest be heard by a special panel established  
13 under Section 6.425 if the protest will be determined by an  
14 appraisal review board to which that section applies and the  
15 property is included in a classification described by Section  
16 6.425(b). The form must permit a property owner to request that the  
17 protest be heard by a single-member panel authorized by Section  
18 41.45(b-4). The comptroller, each appraisal office, and each  
19 appraisal review board shall make the forms readily available and  
20 deliver one to a property owner on request.

21 SECTION 14. Subchapter C, Chapter 41, Tax Code, is amended  
22 by adding Section 41.445 to read as follows:

23 Sec. 41.445. INFORMAL CONFERENCE BEFORE HEARING ON PROTEST.

24 (a) The appraisal review board shall schedule an informal  
25 conference with the appraisal office for each property owner who  
26 files a notice of protest with the board, to be held before the  
27 hearing on the protest. Notice of the date, time, and location of

1 the informal conference shall be delivered to the property owner  
2 with the notice of protest hearing required under Section 41.46.

3 (b) Except as provided by Subsection (c), the informal  
4 conference may not be scheduled to be held on the same day on which  
5 the hearing on the protest is scheduled to be held or during the  
6 five-day period preceding that date.

7 (c) On request made in writing by the property owner to the  
8 appraisal office with good cause shown, the appraisal office shall  
9 reschedule the informal conference for a later date that is before  
10 the date of the hearing on the protest. The rescheduling of the  
11 informal conference under this subsection does not require the  
12 delivery of additional written notice to the property owner. The  
13 appraisal office may reschedule the informal conference for a date  
14 during the five-day period described by Subsection (b) with the  
15 property owner's consent.

16 (d) The appraisal office shall cancel the informal  
17 conference if the property owner informs the appraisal office, in  
18 writing, that the property owner elects not to participate in the  
19 conference.

20 (e) The property owner's failure to appear at the informal  
21 conference does not prevent the appraisal review board from hearing  
22 the protest and issuing an order determining the protest.

23 SECTION 15. Section 41.45(b-1), Tax Code, is amended to  
24 read as follows:

25 (b-1) An appraisal review board shall conduct a hearing on a  
26 protest by telephone conference call if [+]

27 [~~1~~] the property owner notifies the board that the

1 property owner intends to appear by telephone conference call in  
2 the owner's notice of protest or by written notice filed with the  
3 board not later than the 10th day before the date of the hearing [~~+~~  
4 ~~or~~

5  ~~(2) the board proposes that the hearing be conducted~~  
6  ~~by telephone conference call and the property owner agrees to the~~  
7  ~~hearing being conducted in that manner].~~

8 SECTION 16. Section 41.45, Tax Code, is amended by adding  
9 Subsections (b-4) and (b-5) and amending Subsections (d), (d-2),  
10 and (d-3) to read as follows:

11 (b-4) An appraisal review board shall sit in a single-member  
12 panel to conduct a protest hearing under this section if the  
13 property owner requests that the hearing be conducted by a  
14 single-member panel:

15 (1) in the notice of protest; or

16 (2) in writing submitted to the board not later than  
17 the 10th day before the date of the hearing.

18 (b-5) If the recommendation of a single-member panel that  
19 conducts a hearing under Subsection (b-4) is not accepted by the  
20 appraisal review board, the board may refer the matter for  
21 rehearing to a single-member panel composed of a member who did not  
22 hear the original protest or the board may determine the protest.

23 (d) This subsection does not apply to a single-member panel  
24 established under Subsection (b-4) of this section or a special  
25 panel established under Section 6.425. An appraisal review board  
26 consisting of more than three members may sit in panels of not fewer  
27 than three members to conduct protest hearings. If the

1 recommendation of a panel is not accepted by the board, the board  
2 may refer the matter for rehearing to a panel composed of members  
3 who did not hear the original protest or, if there are not at least  
4 three members who did not hear the original protest, the board may  
5 determine the protest.

6 (d-2) The determination of a protest heard by a panel under  
7 Subsection (b-4), (d), or (d-1) must be made by the board.

8 (d-3) The board must deliver notice of a hearing or meeting  
9 to determine a protest heard by a panel, or to rehear a protest,  
10 under Subsection (b-4), (d), or (d-1) in accordance with the  
11 provisions of this subchapter.

12 SECTION 17. Section 41.461(a), Tax Code, is amended to read  
13 as follows:

14 (a) At least 14 days before a hearing on a protest, the chief  
15 appraiser shall:

16 (1) deliver a copy of the pamphlet prepared by the  
17 comptroller under Section 5.06 to the property owner initiating the  
18 protest, or to an agent representing the owner if requested by the  
19 agent;

20 (2) inform the property owner that the owner or the  
21 agent of the owner is entitled on request to a copy of the data,  
22 schedules, formulas, and all other information the chief appraiser  
23 will introduce at the hearing to establish any matter at issue; and

24 (3) deliver a copy of the hearing procedures adopted  
25 [~~established~~] by the appraisal review board under Section 41.01  
26 [~~41.66~~] to the property owner.

27 SECTION 18. Section 41.47, Tax Code, is amended by amending

1 Subsection (c) and adding Subsection (d-1) to read as follows:

2 (c) If the protest is of the determination of the appraised  
3 value of the owner's property, the appraisal review board must  
4 state in the order the appraised value of the property, listed  
5 separately in the case of real property as the appraised value of  
6 the land and the appraised value of any improvement to the land as  
7 allocated by the chief appraiser:

8 (1) as shown in the appraisal records submitted to the  
9 board by the chief appraiser under Section 25.22 or 25.23; and

10 (2) as finally determined by the board.

11 (d-1) This subsection applies only to an appraisal district  
12 established in a county with a population of 120,000 or more. The  
13 requirements of this subsection are in addition to the requirements  
14 of Subsection (d). On written request submitted to the chief  
15 appraiser, the chief appraiser shall deliver by e-mail, in the  
16 manner provided by this subsection, a copy of the notice of issuance  
17 of the order and a copy of the order required by Subsection (d) if  
18 the property subject to the order is not the subject of an agreement  
19 under Section 1.085. A request under this subsection may be  
20 submitted only by the property owner whose property is subject to  
21 the protest for which the order is issued, an attorney representing  
22 the property owner, or an individual designated by the property  
23 owner under Section 1.111. A person may include in a single request  
24 more than one property owned by the same property owner or multiple  
25 properties owned by multiple property owners. A person may submit  
26 more than one request. A person submitting a request must indicate  
27 in the request that the chief appraiser must make the delivery to

1 the property owner, an attorney representing the property owner, an  
2 individual designated by the property owner under Section 1.111, or  
3 a combination of those persons. A person must submit a request  
4 before the protest hearing relating to each property included in  
5 the request. The chief appraiser shall deliver, as provided by this  
6 subsection, a copy of the notice of issuance of the order and a copy  
7 of the order required by Subsection (d) not later than the 21st day  
8 after the date the appraisal review board issues the order.

9 SECTION 19. Section 41.66, Tax Code, is amended by amending  
10 Subsection (a) and adding Subsection (q) to read as follows:

11 (a) The appraisal review board shall conduct hearings in  
12 accordance with the hearing procedures adopted by the appraisal  
13 review board under Section 41.01(c) [~~establish by rule the~~  
14 ~~procedures for hearings it conducts as provided by Subchapters A~~  
15 ~~and C of this chapter]~~. On request made by a property owner in the  
16 owner's notice of protest or in a separate writing delivered to the  
17 appraisal review board on or before the date the notice of protest  
18 is filed, the property owner is entitled to a copy of the hearing  
19 procedures. The copy of the hearing procedures shall be delivered  
20 to the property owner not later than the 10th day before the date  
21 the hearing on the protest begins and may be delivered with the  
22 notice of the protest hearing required under Section 41.46(a). The  
23 notice of protest form prescribed by the comptroller under Section  
24 41.44(d) or any other notice of protest form made available to a  
25 property owner by the appraisal review board or the appraisal  
26 office shall provide the property owner an opportunity to make or  
27 decline to make a request under this subsection. [~~The appraisal~~



1 ~~review board shall post a copy of the hearing procedures in a~~  
2 ~~prominent place in the room in which the hearing is held.]~~

3 (g) A person who owns property in an appraisal district or  
4 the chief appraiser of an appraisal district may file a complaint  
5 with the taxpayer liaison officer for the appraisal district  
6 alleging that the appraisal review board established for the  
7 appraisal district has adopted or is implementing hearing  
8 procedures that are not in compliance with the model hearing  
9 procedures prepared by the comptroller under Section 5.103 or is  
10 not complying with procedural requirements under this chapter. The  
11 taxpayer liaison officer shall investigate the complaint and report  
12 the findings of the investigation to the board of directors of the  
13 appraisal district. The board of directors shall direct the  
14 chairman of the appraisal review board to take remedial action if,  
15 after reviewing the taxpayer liaison officer's report, the board of  
16 directors determines that the allegations contained in the  
17 complaint are true. The board of directors may remove the member of  
18 the appraisal review board serving as chairman of the appraisal  
19 review board from that member's position as chairman if the board  
20 determines that the chairman has failed to take the actions  
21 necessary to bring the appraisal review board into compliance with  
22 Section 5.103(d) or this chapter, as applicable.

23 SECTION 20. Chapter 41A, Tax Code, is amended by adding  
24 Section 41A.015 to read as follows:

25 Sec. 41A.015. LIMITED BINDING ARBITRATION TO COMPEL  
26 COMPLIANCE WITH CERTAIN PROCEDURAL REQUIREMENTS RELATED TO  
27 PROTESTS. (a) A property owner who has filed a notice of protest

1 under Chapter 41 may file a request for limited binding arbitration  
2 under this section to compel the appraisal review board or chief  
3 appraiser, as appropriate, to:

4 (1) rescind procedural rules adopted by the appraisal  
5 review board that are not in compliance with the model hearing  
6 procedures prepared by the comptroller under Section 5.103;

7 (2) schedule a hearing on a protest as required by  
8 Section 41.45;

9 (3) deliver information to the property owner in the  
10 manner required by Section 41.461;

11 (4) allow the property owner to offer evidence,  
12 examine or cross-examine witnesses or other parties, and present  
13 arguments as required by Section 41.66(b);

14 (5) set a hearing for a time and date certain and  
15 postpone a hearing that does not begin within two hours of the  
16 scheduled time as required by Section 41.66(i);

17 (6) schedule hearings on protests concerning multiple  
18 properties identified in the same notice of protest on the same day  
19 at the request of the property owner or the property owner's  
20 designated agent as required by Section 41.66(j); or

21 (7) refrain from using or offering as evidence  
22 information requested by the property owner under Section 41.461  
23 that was not delivered to the property owner at least 14 days before  
24 the hearing as required by Section 41.67(d).

25 (b) A property owner may not file a request for limited  
26 binding arbitration under this section unless:

27 (1) the property owner has delivered written notice to

1 the chairman of the appraisal review board, the chief appraiser,  
2 and the taxpayer liaison officer for the applicable appraisal  
3 district by certified mail, return receipt requested, of the  
4 procedural requirement with which the property owner alleges the  
5 appraisal review board or chief appraiser failed to comply on or  
6 before the fifth business day after the date the appraisal review  
7 board or chief appraiser was required to comply with the  
8 requirement; and

9       (2) the chairman of the appraisal review board or  
10 chief appraiser, as applicable, fails to deliver to the property  
11 owner on or before the 10th day after the date the notice is  
12 delivered a written statement confirming that the appraisal review  
13 board or chief appraiser, as applicable, will comply with the  
14 requirement or cure a failure to comply with the requirement.

15       (c) Except as otherwise provided by this subtitle, the  
16 failure to comply with a procedural requirement listed under  
17 Subsection (a) is not a ground for postponement of a hearing on a  
18 protest. An appraisal review board may cure an alleged failure to  
19 comply with a procedural requirement that occurred during a hearing  
20 by rescinding the order determining the protest for which the  
21 hearing was held and scheduling a new hearing on the protest.

22       (d) A property owner must request limited binding  
23 arbitration under this section by filing a request with the  
24 comptroller. The property owner may not file the request earlier  
25 than the 11th day or later than the 30th day after the date the  
26 property owner delivers the notice required by Subsection (b)(1) to  
27 the chairman of the appraisal review board, the chief appraiser,

1 and the taxpayer liaison officer for the applicable appraisal  
2 district.

3 (e) A request for limited binding arbitration under this  
4 section must be in a form prescribed by the comptroller and be  
5 accompanied by an arbitration deposit payable to the comptroller in  
6 the amount of:

7 (1) \$450, if the property that is the subject of the  
8 protest to which the arbitration relates qualifies as the property  
9 owner's residence homestead under Section 11.13 and the appraised  
10 or market value, as applicable, of the property is \$500,000 or less,  
11 as determined by the appraisal district for the most recent tax  
12 year; or

13 (2) \$550, for property other than property described  
14 by Subdivision (1).

15 (f) The comptroller shall prescribe the form to be used for  
16 submitting a request for limited binding arbitration under this  
17 section. The form must require the property owner to provide:

18 (1) a statement that the property owner has provided  
19 the written notice required by Subsection (b);

20 (2) a statement that the property owner has made the  
21 arbitration deposit required by this section;

22 (3) a brief statement identifying the procedural  
23 requirement with which the property owner alleges the appraisal  
24 review board or chief appraiser, as applicable, has failed to  
25 comply;

26 (4) a description of the action taken or not taken by  
27 the appraisal review board or chief appraiser regarding the

1 procedural requirement identified under Subdivision (3);

2 (5) a description of the property to which the award  
3 will apply; and

4 (6) any other information reasonably necessary for the  
5 comptroller to appoint an arbitrator.

6 (g) On receipt of the request and deposit under this  
7 section, the comptroller shall appoint an arbitrator from the  
8 registry maintained under Section 41A.06 who is eligible to serve  
9 as an arbitrator under Subsection (p) of this section. Section  
10 41A.07(h) does not apply to the appointment of an arbitrator under  
11 this section.

12 (h) The appraisal review board, the chief appraiser, and the  
13 property owner are parties to a limited binding arbitration  
14 conducted under this section. The appraisal review board may  
15 appear by counsel, by the chairman, or by a person designated by the  
16 chairman. The chief appraiser may appear by counsel, in person, or  
17 by a designated employee. The property owner may appear in the  
18 manner provided by Section 41A.08(b)(2), (3), (4), or (5).

19 (i) The arbitrator shall make an arbitration award and  
20 deliver an electronic copy of the award to:

21 (1) the property owner;

22 (2) the chairman of the appraisal review board;

23 (3) the chief appraiser; and

24 (4) the comptroller.

25 (j) An award under this section:

26 (1) shall include a determination of whether the  
27 appraisal review board or chief appraiser failed to comply with a

1 procedural requirement as alleged in the request for limited  
2 binding arbitration;

3 (2) if the arbitrator determines that the appraisal  
4 review board or chief appraiser failed to comply with a procedural  
5 requirement as alleged in the request, shall direct the appraisal  
6 review board or chief appraiser, as applicable, to:

7 (A) comply with the procedural requirement; or

8 (B) if the hearing on the protest has been held  
9 and the appraisal review board has issued an order determining the  
10 protest, rescind the order and hold a new hearing on the protest  
11 that complies with the procedural requirement;

12 (3) shall specify the arbitrator's fee;

13 (4) is final and may not be appealed; and

14 (5) is enforceable as provided by Section 41A.09.

15 (k) If the arbitrator determines that the appraisal review  
16 board or chief appraiser failed to comply with the procedural  
17 requirement that was the subject of the limited binding  
18 arbitration:

19 (1) the comptroller, on receipt of a copy of the award,  
20 shall refund the property owner's arbitration deposit, less the  
21 amount retained by the comptroller under Section 41A.05(b); and

22 (2) the appraisal district shall pay the arbitrator's  
23 fee.

24 (l) If the arbitrator determines that the appraisal review  
25 board or chief appraiser complied with the procedural requirement  
26 that was the subject of the limited binding arbitration, the  
27 comptroller shall:

1           (1) pay the arbitrator's fee out of the owner's  
2 arbitration deposit; and

3           (2) refund to the owner the owner's arbitration  
4 deposit, less the arbitrator's fee and the amount retained by the  
5 comptroller under Section 41A.05(b).

6           (m) As soon as practicable after receiving notice of an  
7 award, the appraisal review board or the chief appraiser shall:

8           (1) take any action required to comply with the  
9 requirements of the award; and

10           (2) if the award requires the appraisal review board  
11 to conduct a new hearing under Chapter 41, schedule and conduct the  
12 hearing.

13           (n) An award under this section does not affect the property  
14 owner's right to:

15           (1) appeal the final determination of a protest by the  
16 appraisal review board under Chapter 42; or

17           (2) pursue any other legal or statutory remedy  
18 available to the property owner.

19           (o) A property owner may request a single limited binding  
20 arbitration under this section that covers more than one property,  
21 more than one protest hearing, or an allegation of the failure by  
22 the appraisal review board or chief appraiser to comply with more  
23 than one procedural requirement so long as the requirements of  
24 Subsection (b) are met with regard to each alleged failure to  
25 comply. The amount of the arbitration deposit and the amount of the  
26 arbitrator's fee are computed as if a single property were the  
27 subject of the arbitration. If the arbitration involves property

1 described by Subsection (e)(1) and property described by Subsection  
2 (e)(2), the amount of the arbitration deposit and the amount of the  
3 arbitrator's fee are computed as if only the property described by  
4 Subsection (e)(2) were the subject of the arbitration. If the  
5 arbitration involves an allegation of the failure by the appraisal  
6 review board or chief appraiser to comply with more than one  
7 procedural requirement, Subsection (k) applies if the arbitrator  
8 determines that the appraisal review board or chief appraiser  
9 failed to comply with one or more of the procedural requirements  
10 that were the subject of the arbitration and Subsection (l) applies  
11 if the arbitrator determines that the appraisal review board or  
12 chief appraiser complied with all of the procedural requirements  
13 that were the subject of the arbitration.

14 (p) Section 41A.06 applies to the registration and  
15 qualification of an arbitrator under this section except that an  
16 arbitrator under this section must:

17 (1) be a licensed attorney; and

18 (2) agree to conduct an arbitration for a fee that is  
19 not more than:

20 (A) \$400 if the property is described by  
21 Subsection (e)(1); or

22 (B) \$500 if the property is described by  
23 Subsection (e)(2).

24 (q) Except as otherwise provided by this section, the  
25 provisions of this chapter apply to a limited binding arbitration  
26 under this section. In the event of a conflict between this section  
27 and another provision of this chapter, this section controls.



1 SECTION 21. Section 42.01, Tax Code, is amended by adding  
2 Subsection (a-1) to read as follows:

3 (a-1) A property owner may not appeal separately the portion  
4 of an order of an appraisal review board determining the appraised  
5 value of land or the portion of the order determining the appraised  
6 value of an improvement to the land if the order determined the  
7 appraised value of both.

8 SECTION 22. Section 42.015(a), Tax Code, is amended to read  
9 as follows:

10 (a) A person leasing property who is contractually  
11 obligated to reimburse the property owner for taxes imposed on the  
12 property is entitled to appeal an order of the appraisal review  
13 board determining a protest relating to the property:

- 14 (1) brought by the person under Section 41.413; or  
15 (2) brought by the property owner if the property  
16 owner does not appeal the order.

17 SECTION 23. Section 42.23(e), Tax Code, is amended to read  
18 as follows:

19 (e) For purposes of Subsection (d), a property owner may  
20 designate a cause of action under Section 42.25 or 42.26 as the  
21 basis for an appeal, but may not designate a cause of action under  
22 both sections as the basis for the appeal. Discovery regarding a  
23 cause of action that is not specifically designated by the property  
24 owner under Subsection (d) shall be conducted as provided by the  
25 Texas Rules of Civil Procedure. A [The] court may not enter an  
26 order, including a protective order [to modify the provisions of  
27 this subsection] under Rule 192.6 of the Texas Rules of Civil

1 Procedure, that conflicts with Subsection (d).

2 SECTION 24. Section 11.253, Tax Code, as amended by this  
3 Act, applies only to a tax year beginning on or after January 1,  
4 2022.

5 SECTION 25. Section 25.19, Tax Code, as amended by this Act,  
6 applies only to a notice of appraised value for a tax year beginning  
7 on or after January 1, 2022.

8 SECTION 26. Section 41.445, Tax Code, as added by this Act,  
9 and Section 41.45(b-1), Tax Code, as amended by this Act, apply only  
10 to a protest under Chapter 41, Tax Code, for which a notice of  
11 protest is filed by a property owner on or after the effective date  
12 of this Act. A protest under Chapter 41, Tax Code, for which a  
13 notice of protest is filed by a property owner before the effective  
14 date of this Act is governed by the law in effect on the date the  
15 notice of protest is filed, and the former law is continued in  
16 effect for that purpose.

17 SECTION 27. Sections 41.45 and 41.47, Tax Code, as amended  
18 by this Act, apply only to a protest under Chapter 41, Tax Code, for  
19 which a notice of protest is filed on or after January 1, 2022.

20 SECTION 28. Sections 42.01, 42.015, and 42.23, Tax Code, as  
21 amended by this Act, apply only to an appeal under Chapter 42, Tax  
22 Code, that is filed on or after January 1, 2022.

23 SECTION 29. (a) Except as provided by Subsection (b) of this  
24 section, this Act takes effect January 1, 2022.

25 (b) Sections 5.103, 5.104, 6.04, 6.052, 41.01, 41.461, and  
26 41.66, Tax Code, as amended by this Act, and Section 41A.015, Tax  
27 Code, as added by this Act, take effect immediately if this Act

H.B. No. 988

1 receives a vote of two-thirds of all the members elected to each  
2 house, as provided by Section 39, Article III, Texas Constitution.  
3 If this Act does not receive the vote necessary for immediate  
4 effect, those sections of this Act take effect September 1, 2021.

By: Kelly Harmon

H.B. No. 988

Substitute the following for \_\_\_ .B. No. \_\_\_ :

By: [Signature]

C.S. **ADOPTED**

**MAY 25 2021**

[Signature]  
Secretary of the Senate

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to ad valorem taxation; creating a criminal offense.

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

4 SECTION 1. Section 5.103, Tax Code, is amended by amending  
5 Subsection (d) and adding Subsection (e) to read as follows:

6 (d) An appraisal review board shall incorporate [~~follow~~] the  
7 model hearing procedures prepared by the comptroller when adopting  
8 the board's [~~establishing its~~] procedures for hearings as required  
9 by Section 41.01(c). An appraisal review board may adopt  
10 procedures that supplement the model hearing procedures, provided  
11 that the supplemental procedures do not contradict or circumvent  
12 the model hearing procedures.

13 (e) Each year the comptroller shall review the hearing  
14 procedures adopted by each appraisal review board to determine  
15 whether the hearing procedures incorporate the model hearing  
16 procedures prepared by the comptroller under this section  
17 [41.66(a)].

18 SECTION 2. Section 5.104(1), Tax Code, is amended to read as  
19 follows:

20 (1) The comptroller shall issue an annual report that  
21 summarizes the information included in the surveys submitted  
22 during the preceding tax year. The report must also include a  
23 summary of the comments, complaints, and suggestions forwarded to  
24 the comptroller during the preceding tax year by taxpayer liaison

1 officers under Section 6.052(a), the results of the comptroller's  
2 review of appraisal review board hearing procedures during the  
3 preceding tax year under Section 5.103(e), and the results of  
4 requests for limited binding arbitration filed with the  
5 comptroller during the preceding tax year under Section 41A.015.

6 The report may not disclose the identity of an individual who  
7 submitted a survey, comment, complaint, suggestion, or request for  
8 arbitration.

9 SECTION 3. Section 6.03, Tax Code, is amended by amending  
10 Subsection (k) and adding Subsection (k-1) to read as follows:

11 (k) Except as provided by Subsection (k-1), the [The]  
12 governing body of each taxing unit entitled to vote shall determine  
13 its vote by resolution and submit it to the chief appraiser before  
14 December 15. The chief appraiser shall count the votes, declare  
15 the five candidates who receive the largest cumulative vote totals  
16 elected, and submit the results before December 31 to the governing  
17 body of each taxing unit in the district and to the candidates.  
18 For purposes of determining the number of votes received by the  
19 candidates, the candidate receiving the most votes of the  
20 conservation and reclamation districts is considered to have  
21 received all of the votes cast by conservation and reclamation  
22 districts and the other candidates are considered not to have  
23 received any votes of the conservation and reclamation districts.  
24 The chief appraiser shall resolve a tie vote by any method of  
25 chance.

26 (k-1) This subsection applies only to an appraisal district  
27 established in a county with a population of 120,000 or more. The

1 governing body of each taxing unit entitled to cast at least five  
2 percent of the total votes must determine its vote by resolution  
3 adopted at the first or second open meeting of the governing body  
4 that is held after the date the chief appraiser delivers the ballot  
5 to the presiding officer of the governing body. The governing body  
6 must submit its vote to the chief appraiser not later than the  
7 third day following the date the resolution is adopted.

8 SECTION 4. Section 6.052, Tax Code, is amended by amending  
9 Subsections (a), (b), and (c) and adding Subsection (g) to read as  
10 follows:

11 (a) The board of directors for an appraisal district created  
12 for a county with a population of more than 120,000 shall appoint  
13 a taxpayer liaison officer who shall serve at the pleasure of the  
14 board. The taxpayer liaison officer shall administer the public  
15 access functions required by Sections 6.04(d), (e), and (f), and  
16 is responsible for resolving disputes not involving matters that  
17 may be protested under Section 41.41. In addition, the taxpayer  
18 liaison officer is responsible for receiving, and compiling a list  
19 of, comments, complaints, and suggestions filed by the chief  
20 appraiser, a property owner, or a property owner's agent concerning  
21 the matters listed in Section 5.103(b) or any other matter related  
22 to the fairness and efficiency of the appraisal review board  
23 established for the appraisal district. The taxpayer liaison  
24 officer shall forward to the comptroller comments, complaints, and  
25 suggestions filed under this subsection in the form and manner  
26 prescribed by the comptroller not later than December 31 of each  
27 year.

1 (b) The taxpayer liaison officer shall provide to the public  
2 information and materials designed to assist property owners in  
3 understanding the appraisal process, protest procedures, the  
4 procedure for filing comments, complaints, and suggestions under  
5 Subsection (a) of this section or a complaint under Section  
6 6.04(g), and other matters. Information concerning the process  
7 for submitting comments, complaints, and suggestions to the  
8 comptroller concerning an appraisal review board shall be provided  
9 at each protest hearing.

10 (c) The taxpayer liaison officer shall report to the board  
11 at each meeting on the status of all comments, complaints, and  
12 suggestions filed with the officer under Subsection (a) of this  
13 section and all complaints filed with the board under Section  
14 6.04(g).

15 (g) Notwithstanding any other provision of this chapter, a  
16 taxpayer liaison officer does not commit an offense under this  
17 chapter if the officer communicates with the chief appraiser or  
18 another employee or agent of the appraisal district, a member of  
19 the appraisal review board established for the appraisal district,  
20 a member of the board of directors of the appraisal district, a  
21 property tax consultant, a property owner, an agent of a property  
22 owner, or another person if the communication is made in the good  
23 faith exercise of the officer's statutory duties.

24 SECTION 5. Subchapter A, Chapter 6, Tax Code, is amended by  
25 adding Section 6.155 to read as follows:

26 Sec. 6.155. CERTAIN COMMUNICATIONS BY TAXING UNITS  
27 PROHIBITED; PENALTY. (a) A member of the governing body, officer,

1 or employee of a taxing unit commits an offense if the person  
2 directly or indirectly communicates with the chief appraiser or  
3 another employee of the appraisal district in which the taxing  
4 unit participates for the purpose of influencing the value at which  
5 property in the district is appraised unless the person owns or  
6 leases the property that is the subject of the communication.

7 (b) An offense under this section is a Class A misdemeanor.

8 SECTION 6. Section 11.252(d), Tax Code, is amended to read  
9 as follows:

10 (d) In connection with the requirements and procedures under  
11 Subsection (c), the comptroller by rule shall adopt a form to be  
12 completed by the lessee of a motor vehicle for which the owner of  
13 the vehicle may apply for an exemption under Subsection (a). The  
14 form shall require a lessee who is an individual to provide the  
15 lessee's name, address, and driver's license or personal  
16 identification certificate number. The form shall require a  
17 lessee that is an entity described by Subsection (b) to provide  
18 the lessee's name, address, and, if applicable, federal tax  
19 identification number. The form shall require a lessee who is an  
20 individual, or the authorized representative of a lessee that is  
21 an entity described by Subsection (b), to certify, either under  
22 oath or by written, unsworn declaration, that the lessee does not  
23 hold the vehicle for the production of income and that the vehicle  
24 is used primarily for activities that do not involve the production  
25 of income. The comptroller shall include on the form a notice of  
26 the penalties prescribed by Section 37.10, Penal Code, for making  
27 a false statement on the form.



1 SECTION 7. Section 11.253, Tax Code, is amended by adding  
2 Subsections (l) and (m) to read as follows:

3 (l) This subsection applies only to a taxing unit any part  
4 of which is located in an area designated a disaster area by a  
5 disaster declaration issued under Section 418.014 or 418.108,  
6 Government Code, on or after January 1, 2020. Notwithstanding  
7 Subsections (a) (2) (C), (e), and (g), the governing body of a taxing  
8 unit, in the manner provided by law for official action, may extend  
9 the date by which goods-in-transit must be transported to another  
10 location in this state or outside this state to a date not later  
11 than the 270th day after the date the person acquired the property  
12 in or imported the property into this state. An extension adopted  
13 by official action under this subsection applies only to:

14 (1) the exemption from ad valorem taxation by the  
15 taxing unit adopting the extension; and

16 (2) the tax year in which the extension is adopted.

17 (m) This subsection and Subsection (l) expire December 31,  
18 2025.

19 SECTION 8. Sections 21.021(a) and (b), Tax Code, are amended  
20 to read as follows:

21 (a) Except as otherwise provided by Section 21.031(b-2), a  
22 [A] vessel or other watercraft used as an instrumentality of  
23 commerce, [+as defined by [in] Section 21.031, [~~21.031(b) of this~~  
24 ~~code~~] is taxable pursuant to Section 21.02 [~~of this code~~].

25 (b) A special-purpose vessel or other watercraft not used as  
26 an instrumentality of commerce, [+as defined by [in] Section  
27 21.031, [~~21.031(b) of this code~~] is deemed to be located on

1 January 1 for more than a temporary period for purposes of Section  
2 21.02 [~~of this code~~] in the taxing unit in which it was physically  
3 located during the year preceding the tax year. If the vessel or  
4 watercraft was physically located in more than one taxing unit  
5 during the year preceding the tax year, it is deemed to be located  
6 for more than a temporary period for purposes of Section 21.02 [~~of~~  
7 ~~this code~~] in the taxing unit in which it was physically located  
8 for the longest period during the year preceding the tax year or  
9 for 30 days, whichever is longer. If a vessel or other watercraft  
10 is not deemed to be located in any taxing unit on January 1 for  
11 more than a temporary period pursuant to this subsection, the  
12 property is taxable as provided by Sections 21.02(a)(2) through  
13 (4) [~~Subdivisions (2) through (4) of Section 21.02 of this code~~].

14 SECTION 9. Section 21.031, Tax Code, is amended by amending  
15 Subsection (b) and adding Subsections (b-1), (b-2), (b-3), and (i)  
16 to read as follows:

17 (b) The appraisal office shall make the allocation as  
18 provided by Subsections (b-1), (b-2), and (b-3).

19 (b-1) Except as provided by Subsection (b-2), the [~~follows:~~

20 [~~(1) The~~] allocable portion of the total fair market  
21 value of a vessel or other watercraft used as an instrumentality  
22 of commerce that is taxable in this state is determined by  
23 multiplying the total fair market value by a fraction, the  
24 numerator of which is the number of miles the vessel or watercraft  
25 was operated in this state during the year preceding the tax year  
26 and the denominator of which is the total number of miles the  
27 vessel or watercraft was operated during the year preceding the

1 tax year. [~~For purposes of this section, "vessel or other~~  
2 ~~watercraft used as an instrumentality of commerce" means a vessel~~  
3 ~~or other watercraft that is primarily employed in the~~  
4 ~~transportation of cargo, passengers, or equipment, and that is~~  
5 ~~economically employed when it is moving from point to point as a~~  
6 ~~means of transportation.]~~

7 (b-2) A property owner that operates a fleet of vessels or  
8 other watercraft that are used as instrumentalities of commerce  
9 may elect in writing submitted to the appraisal office to have the  
10 appraisal office make the allocation under this subsection. If  
11 the property owner makes the election, the allocable portion of  
12 the total fair market value of a vessel or other watercraft that  
13 is part of the property owner's fleet, is used as an  
14 instrumentality of commerce, is taxable in this state, and has  
15 taxable situs at a location in the appraisal district is determined  
16 by multiplying the total fair market value of the vessel or other  
17 watercraft by a fraction, the numerator of which is the number of  
18 miles that all the vessels or other watercraft of the property  
19 owner's fleet that are used as instrumentalities of commerce, are  
20 taxable in this state, and have taxable situs at a location in the  
21 same appraisal district as the vessel or other watercraft the value  
22 of which is allocated under this subsection were operated in this  
23 state during the year preceding the tax year and the denominator  
24 of which is the total number of miles that all the vessels or other  
25 watercraft of the property owner's fleet that are used as  
26 instrumentalities of commerce, are taxable in this state, and have  
27 taxable situs at a location in the same appraisal district as the

1 vessel or other watercraft the value of which is allocated under  
2 this subsection were operated during the year preceding the tax  
3 year. Notwithstanding Sections 21.02 and 21.021, a property owner  
4 that elects to have the appraisal office make the allocation of  
5 the property owner's fleet under this subsection may designate the  
6 location of the property owner's principal place of business as  
7 the taxable situs of the fleet.

8 (b-3) [(2)] The allocable portion of the total fair market  
9 value of a special-purpose vessel or other watercraft not used as  
10 an instrumentality of commerce is determined by multiplying the  
11 total fair market value by a fraction, the numerator of which is  
12 the number of days the vessel or watercraft was physically located  
13 in this state during the year preceding the tax year and the  
14 denominator of which is 365. [~~For purposes of this section,~~  
15 ~~"special-purpose vessel or other watercraft not used as an~~  
16 ~~instrumentality of commerce"~~ means a vessel or other watercraft  
17 ~~that:~~

18 [~~(A) is designed to be transient and customarily is~~  
19 ~~moved from location to location on a more or less regular basis;~~

20 [~~(B) is economically employed when operated in a~~  
21 ~~localized area or in a fixed place; and~~

22 [~~(C) is not primarily employed to transport cargo,~~  
23 ~~passengers, and equipment but rather to perform some specialized~~  
24 ~~function or operation not requiring constant movement from point~~  
25 ~~to point.]~~

26 (i) For purposes of this section:

27 (1) "Special-purpose vessel or other watercraft not

1 used as an instrumentality of commerce" means a vessel or other  
2 watercraft that:

3 (A) is designed to be transient and customarily is  
4 moved from location to location on a more or less regular basis;

5 (B) is economically employed when operated in a  
6 localized area or in a fixed place; and

7 (C) is not primarily employed to transport cargo,  
8 passengers, and equipment but rather to perform some specialized  
9 function or operation not requiring constant movement from point  
10 to point.

11 (2) "Vessel or other watercraft used as an  
12 instrumentality of commerce" means a vessel or other watercraft  
13 that is primarily employed in the transportation of cargo,  
14 passengers, or equipment, and that is economically employed when  
15 it is moving from point to point as a means of transportation.

16 SECTION 10. Section 25.02, Tax Code, is amended by adding  
17 Subsections (c), (d), (e), (f), and (g) to read as follows:

18 (c) Each appraisal record must have a unique account number.  
19 If an appraisal district changes the account number of an appraisal  
20 record, the appraisal district must provide written notice of the  
21 change to the property owner as soon as practicable after the  
22 change and provide notice of the change in the next notice of  
23 appraised value of the property included in the record that is  
24 delivered to the property owner under Section 25.19.

25 (d) This subsection does not apply to an appraisal record  
26 for a residential property, for an improvement only, or for a  
27 property on which a delinquent tax is due. On the written request

1 of a property owner, the chief appraiser shall combine contiguous  
2 parcels or tracts of the owner's real property into a single  
3 appraisal record. On the written request of a property owner, the  
4 chief appraiser shall separate identifiable segments of the  
5 owner's parcel or tract of real property into individual appraisal  
6 records.

7 (e) A property owner must make a request under Subsection  
8 (d) before January 1 of the tax year for which the requested change  
9 to the appraisal records is to be made. The request must contain  
10 a legal description as contained in a deed sufficient to describe  
11 the property subject to the request.

12 (f) If a chief appraiser refuses to combine parcels or  
13 tracts, or separate a parcel or tract, on request of a property  
14 owner under Subsection (d), the appraisal review board may order  
15 the requested change on a motion filed by the property owner under  
16 Section 25.25 or a protest filed under Chapter 41.

17 (g) The combination of contiguous parcels or tracts of real  
18 property into a single appraisal record or the separation of  
19 identifiable segments of a parcel or tract of real property into  
20 individual appraisal records under this section does not affect  
21 the application of generally accepted appraisal methods and  
22 techniques to the appraisal of real property associated with those  
23 appraisal records, including real property that is part of the  
24 same economic unit as real property contained in the same or  
25 another appraisal record.

26 SECTION 11. Section 25.19(b), Tax Code, as effective January  
27 1, 2022, is amended to read as follows:

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

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

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

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

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

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

21           (6) a detailed explanation of the time and procedure  
22 for protesting the value;

23           (7) the date and place the appraisal review board will  
24 begin hearing protests; ~~and~~

25           (8) an explanation of the availability and purpose of  
26 an informal conference with the appraisal office before a hearing  
27 on a protest; and

1           (9) a brief explanation that the governing body of each  
2 taxing unit decides whether or not taxes on the property will  
3 increase and the appraisal district only determines the value of  
4 the property.

5           SECTION 12. Section 25.19, Tax Code, is amended by adding  
6 Subsections (m) and (n) to read as follows:

7           (m) The chief appraiser may not deliver a corrected or  
8 amended notice of appraised value later than June 1 for property  
9 for which a person files a rendition statement or property report  
10 as required by Chapter 22 unless the purpose of the notice is to:

11                   (1) include omitted property; or

12                   (2) correct a clerical error.

13           (n) As soon as practicable after delivering a notice  
14 required by this section to a property owner, the chief appraiser  
15 shall post the notice on the appraisal district's Internet website,  
16 if the appraisal district maintains a website, as part of the  
17 appraisal record pertaining to the property.

18           SECTION 13. Section 31.11(h), Tax Code, is amended to read  
19 as follows:

20           (h) This section does not apply to an overpayment caused by  
21 a change of exemption status or correction of a tax roll, including  
22 an overpayment received after a correction of a tax roll as a  
23 result of an appeal under Chapter 42. Such an overpayment is  
24 covered by Section 26.15 or 42.43, as applicable.

25           SECTION 14. Section 41.01, Tax Code, is amended by adding  
26 Subsections (c), (d), and (e) to read as follows:

27           (c) The appraisal review board by rule shall adopt



1 procedures for hearings the board conducts under this subchapter  
2 and Subchapter C. Before adopting the hearing procedures, the  
3 board shall hold a public hearing to consider the hearing  
4 procedures proposed for adoption by the board. Not later than May  
5 15 of each year, the board shall hold the hearing, make any  
6 amendments to the proposed hearing procedures the board determines  
7 are necessary, and by resolution finally adopt the hearing  
8 procedures. The board must comply with Section 5.103(d) when  
9 adopting the hearing procedures. The chairman of the board is  
10 responsible for the administration of hearing procedures adopted  
11 by the board.

12 (d) The appraisal review board shall distribute copies of  
13 the hearing procedures adopted by the board to the board of  
14 directors of, and the taxpayer liaison officer for, the appraisal  
15 district for which the appraisal review board is established and  
16 to the comptroller not later than the 15th day after the date the  
17 board adopts the hearing procedures.

18 (e) The appraisal review board shall post a copy of the  
19 hearing procedures adopted by the board:

20 (1) in a prominent place in each room in which the board  
21 conducts hearings under this subchapter and Subchapter C; and

22 (2) if the appraisal district for which the board is  
23 established maintains an Internet website, on the appraisal  
24 district's website.

25 SECTION 15. Section 41.44(d), Tax Code, is amended to read  
26 as follows:

27 (d) A notice of protest is sufficient if it identifies the

1 protesting property owner, including a person claiming an  
2 ownership interest in the property even if that person is not  
3 listed on the appraisal records as an owner of the property,  
4 identifies the property that is the subject of the protest, and  
5 indicates apparent dissatisfaction with some determination of the  
6 appraisal office. The notice need not be on an official form, but  
7 the comptroller shall prescribe a form that provides for more  
8 detail about the nature of the protest. The form must permit a  
9 property owner to include each property in the appraisal district  
10 that is the subject of a protest. The form must permit a property  
11 owner to request that the protest be heard by a special panel  
12 established under Section 6.425 if the protest will be determined  
13 by an appraisal review board to which that section applies and the  
14 property is included in a classification described by Section  
15 6.425(b). The form must permit a property owner to request that  
16 the protest be heard by a single-member panel authorized by Section  
17 41.45(b-4). The comptroller, each appraisal office, and each  
18 appraisal review board shall make the forms readily available and  
19 deliver one to a property owner on request.

20 SECTION 16. Subchapter C, Chapter 41, Tax Code, is amended  
21 by adding Section 41.445 to read as follows:

22 Sec. 41.445. INFORMAL CONFERENCE BEFORE HEARING ON PROTEST.  
23 The appraisal office shall hold an informal conference with each  
24 property owner who files a notice of protest with the appraisal  
25 review board and requests an informal conference. An informal  
26 conference must be held before the hearing on the protest.

27 SECTION 17. Section 41.45, Tax Code, is amended by amending

1 Subsections (b-1), (d), (d-2), and (d-3) and adding Subsections  
2 (b-4) and (b-5) to read as follows:

3 (b-1) An appraisal review board shall conduct a hearing on  
4 a protest by telephone conference call if[+]

5 [~~1~~] the property owner notifies the board that the  
6 property owner intends to appear by telephone conference call in  
7 the owner's notice of protest or by written notice filed with the  
8 board not later than the 10th day before the date of the hearing  
9 [~~+ or~~

10 [~~2~~] the board proposes that the hearing be conducted  
11 by telephone conference call and the property owner agrees to the  
12 hearing being conducted in that manner].

13 (b-4) An appraisal review board shall sit in a single-member  
14 panel to conduct a protest hearing under this section if the  
15 property owner requests that the hearing be conducted by a single-  
16 member panel:

17 (1) in the notice of protest; or

18 (2) in writing submitted to the board not later than  
19 the 10th day before the date of the hearing.

20 (b-5) If the recommendation of a single-member panel that  
21 conducts a hearing under Subsection (b-4) is not accepted by the  
22 appraisal review board, the board may refer the matter for  
23 rehearing to a single-member panel composed of a member who did  
24 not hear the original protest or the board may determine the  
25 protest.

26 (d) This subsection does not apply to a single-member panel  
27 established under Subsection (b-4) of this section or a special

1 panel established under Section 6.425. An appraisal review board  
2 consisting of more than three members may sit in panels of not  
3 fewer than three members to conduct protest hearings. If the  
4 recommendation of a panel is not accepted by the board, the board  
5 may refer the matter for rehearing to a panel composed of members  
6 who did not hear the original protest or, if there are not at least  
7 three members who did not hear the original protest, the board may  
8 determine the protest.

9 (d-2) The determination of a protest heard by a panel under  
10 Subsection (b-4), (d), or (d-1) must be made by the board.

11 (d-3) The board must deliver notice of a hearing or meeting  
12 to determine a protest heard by a panel, or to rehear a protest,  
13 under Subsection (b-4), (d), or (d-1) in accordance with the  
14 provisions of this subchapter.

15 SECTION 18. Section 41.461(a), Tax Code, is amended to read  
16 as follows:

17 (a) At least 14 days before a hearing on a protest, the chief  
18 appraiser shall:

19 (1) deliver a copy of the pamphlet prepared by the  
20 comptroller under Section 5.06 to the property owner initiating  
21 the protest, or to an agent representing the owner if requested by  
22 the agent;

23 (2) inform the property owner that the owner or the  
24 agent of the owner is entitled on request to a copy of the data,  
25 schedules, formulas, and all other information the chief appraiser  
26 will introduce at the hearing to establish any matter at issue;  
27 and

1 (3) deliver a copy of the hearing procedures adopted  
2 [~~established~~] by the appraisal review board under Section 41.01  
3 [~~41.66~~] to the property owner.

4 SECTION 19. Section 41.47, Tax Code, is amended by amending  
5 Subsection (c) and adding Subsection (d-1) to read as follows:

6 (c) If the protest is of the determination of the appraised  
7 value of the owner's property, the appraisal review board must  
8 state in the order the appraised value of the property, listed  
9 separately in the case of real property as the appraised value of  
10 the land and the appraised value of any improvement to the land as  
11 allocated by the chief appraiser:

12 (1) as shown in the appraisal records submitted to the  
13 board by the chief appraiser under Section 25.22 or 25.23; and

14 (2) as finally determined by the board.

15 (d-1) This subsection applies only to an appraisal district  
16 established in a county with a population of 120,000 or more. The  
17 requirements of this subsection are in addition to the requirements  
18 of Subsection (d). On written request submitted to the chief  
19 appraiser, the chief appraiser shall deliver by e-mail, in the  
20 manner provided by this subsection, a copy of the notice of  
21 issuance of the order and a copy of the order required by  
22 Subsection (d) if the property subject to the order is not the  
23 subject of an agreement under Section 1.085. A request under this  
24 subsection may be submitted only by the property owner whose  
25 property is subject to the protest for which the order is issued,  
26 an attorney representing the property owner, or an individual  
27 designated by the property owner under Section 1.111. A person may

1 include in a single request more than one property owned by the  
2 same property owner or multiple properties owned by multiple  
3 property owners. A person may submit more than one request. A  
4 person submitting a request must indicate in the request that the  
5 chief appraiser must make the delivery to the property owner, an  
6 attorney representing the property owner, an individual designated  
7 by the property owner under Section 1.111, or a combination of  
8 those persons. A person must submit a request before the protest  
9 hearing relating to each property included in the request. The  
10 chief appraiser shall deliver, as provided by this subsection, a  
11 copy of the notice of issuance of the order and a copy of the order  
12 required by Subsection (d) not later than the 21st day after the  
13 date the appraisal review board issues the order.

14 SECTION 20. Section 41.66, Tax Code, is amended by amending  
15 Subsection (a) and adding Subsection (q) to read as follows:

16 (a) The appraisal review board shall conduct hearings in  
17 accordance with the hearing procedures adopted by the appraisal  
18 review board under Section 41.01(c) [~~establish by rule the~~  
19 ~~procedures for hearings it conducts as provided by Subchapters A~~  
20 ~~and C of this chapter~~]. On request made by a property owner in  
21 the owner's notice of protest or in a separate writing delivered  
22 to the appraisal review board on or before the date the notice of  
23 protest is filed, the property owner is entitled to a copy of the  
24 hearing procedures. The copy of the hearing procedures shall be  
25 delivered to the property owner not later than the 10th day before  
26 the date the hearing on the protest begins and may be delivered  
27 with the notice of the protest hearing required under Section

1 41.46(a). The notice of protest form prescribed by the comptroller  
2 under Section 41.44(d) or any other notice of protest form made  
3 available to a property owner by the appraisal review board or the  
4 appraisal office shall provide the property owner an opportunity  
5 to make or decline to make a request under this subsection. [~~The  
6 appraisal review board shall post a copy of the hearing procedures  
7 in a prominent place in the room in which the hearing is held.~~]

8 (q) A person who owns property in an appraisal district or  
9 the chief appraiser of an appraisal district may file a complaint  
10 with the taxpayer liaison officer for the appraisal district  
11 alleging that the appraisal review board established for the  
12 appraisal district has adopted or is implementing hearing  
13 procedures that are not in compliance with the model hearing  
14 procedures prepared by the comptroller under Section 5.103 or is  
15 not complying with procedural requirements under this chapter.  
16 The taxpayer liaison officer shall investigate the complaint and  
17 report the findings of the investigation to the board of directors  
18 of the appraisal district. The board of directors shall direct  
19 the chairman of the appraisal review board to take remedial action  
20 if, after reviewing the taxpayer liaison officer's report, the  
21 board of directors determines that the allegations contained in  
22 the complaint are true. The board of directors may remove the  
23 member of the appraisal review board serving as chairman of the  
24 appraisal review board from that member's position as chairman if  
25 the board determines that the chairman has failed to take the  
26 actions necessary to bring the appraisal review board into  
27 compliance with Section 5.103(d) or this chapter, as applicable.

1 SECTION 21. Chapter 41A, Tax Code, is amended by adding  
2 Section 41A.015 to read as follows:

3 Sec. 41A.015. LIMITED BINDING ARBITRATION TO COMPEL  
4 COMPLIANCE WITH CERTAIN PROCEDURAL REQUIREMENTS RELATED TO  
5 PROTESTS. (a) A property owner who has filed a notice of protest  
6 under Chapter 41 may file a request for limited binding arbitration  
7 under this section to compel the appraisal review board or chief  
8 appraiser, as appropriate, to:

9 (1) rescind procedural rules adopted by the appraisal  
10 review board that are not in compliance with the model hearing  
11 procedures prepared by the comptroller under Section 5.103;

12 (2) schedule a hearing on a protest as required by  
13 Section 41.45;

14 (3) deliver information to the property owner in the  
15 manner required by Section 41.461;

16 (4) allow the property owner to offer evidence, examine  
17 or cross-examine witnesses or other parties, and present arguments  
18 as required by Section 41.66(b);

19 (5) set a hearing for a time and date certain and  
20 postpone a hearing that does not begin within two hours of the  
21 scheduled time as required by Section 41.66(i);

22 (6) schedule hearings on protests concerning multiple  
23 properties identified in the same notice of protest on the same  
24 day at the request of the property owner or the property owner's  
25 designated agent as required by Section 41.66(j); or

26 (7) refrain from using or offering as evidence  
27 information requested by the property owner under Section 41.461



1 that was not delivered to the property owner at least 14 days  
2 before the hearing as required by Section 41.67(d).

3 (b) A property owner may not file a request for limited  
4 binding arbitration under this section unless:

5 (1) the property owner has delivered written notice to  
6 the chairman of the appraisal review board, the chief appraiser,  
7 and the taxpayer liaison officer for the applicable appraisal  
8 district by certified mail, return receipt requested, of the  
9 procedural requirement with which the property owner alleges the  
10 appraisal review board or chief appraiser failed to comply on or  
11 before the fifth business day after the date the appraisal review  
12 board or chief appraiser was required to comply with the  
13 requirement; and

14 (2) the chairman of the appraisal review board or chief  
15 appraiser, as applicable, fails to deliver to the property owner  
16 on or before the 10th day after the date the notice is delivered  
17 a written statement confirming that the appraisal review board or  
18 chief appraiser, as applicable, will comply with the requirement  
19 or cure a failure to comply with the requirement.

20 (c) Except as otherwise provided by this subtitle, the  
21 failure to comply with a procedural requirement listed under  
22 Subsection (a) is not a ground for postponement of a hearing on a  
23 protest. An appraisal review board may cure an alleged failure to  
24 comply with a procedural requirement that occurred during a hearing  
25 by rescinding the order determining the protest for which the  
26 hearing was held and scheduling a new hearing on the protest.

27 (d) A property owner must request limited binding

1 arbitration under this section by filing a request with the  
2 comptroller. The property owner may not file the request earlier  
3 than the 11th day or later than the 30th day after the date the  
4 property owner delivers the notice required by Subsection (b)(1)  
5 to the chairman of the appraisal review board, the chief appraiser,  
6 and the taxpayer liaison officer for the applicable appraisal  
7 district.

8 (e) A request for limited binding arbitration under this  
9 section must be in a form prescribed by the comptroller and be  
10 accompanied by an arbitration deposit payable to the comptroller  
11 in the amount of:

12 (1) \$450, if the property that is the subject of the  
13 protest to which the arbitration relates qualifies as the property  
14 owner's residence homestead under Section 11.13 and the appraised  
15 or market value, as applicable, of the property is \$500,000 or  
16 less, as determined by the appraisal district for the most recent  
17 tax year; or

18 (2) \$550, for property other than property described by  
19 Subdivision (1).

20 (f) The comptroller shall prescribe the form to be used for  
21 submitting a request for limited binding arbitration under this  
22 section. The form must require the property owner to provide:

23 (1) a statement that the property owner has provided  
24 the written notice required by Subsection (b);

25 (2) a statement that the property owner has made the  
26 arbitration deposit required by this section;

27 (3) a brief statement identifying the procedural

1 requirement with which the property owner alleges the appraisal  
2 review board or chief appraiser, as applicable, has failed to  
3 comply;

4 (4) a description of the action taken or not taken by  
5 the appraisal review board or chief appraiser regarding the  
6 procedural requirement identified under Subdivision (3);

7 (5) a description of the property to which the award  
8 will apply; and

9 (6) any other information reasonably necessary for the  
10 comptroller to appoint an arbitrator.

11 (g) On receipt of the request and deposit under this section,  
12 the comptroller shall appoint an arbitrator from the registry  
13 maintained under Section 41A.06 who is eligible to serve as an  
14 arbitrator under Subsection (p) of this section. Section 41A.07(h)  
15 does not apply to the appointment of an arbitrator under this  
16 section.

17 (h) The appraisal review board, the chief appraiser, and the  
18 property owner are parties to a limited binding arbitration  
19 conducted under this section. The appraisal review board may  
20 appear by counsel, by the chairman, or by a person designated by  
21 the chairman. The chief appraiser may appear by counsel, in  
22 person, or by a designated employee. The property owner may appear  
23 in the manner provided by Section 41A.08(b)(2), (3), (4), or (5).

24 (i) The arbitrator shall make an arbitration award and  
25 deliver an electronic copy of the award to:

26 (1) the property owner;

27 (2) the chairman of the appraisal review board;

1           (3) the chief appraiser; and

2           (4) the comptroller.

3           (j) An award under this section:

4           (1) shall include a determination of whether the  
5 appraisal review board or chief appraiser failed to comply with a  
6 procedural requirement as alleged in the request for limited  
7 binding arbitration;

8           (2) if the arbitrator determines that the appraisal  
9 review board or chief appraiser failed to comply with a procedural  
10 requirement as alleged in the request, shall direct the appraisal  
11 review board or chief appraiser, as applicable, to:

12                   (A) comply with the procedural requirement; or

13                   (B) if the hearing on the protest has been held  
14 and the appraisal review board has issued an order determining the  
15 protest, rescind the order and hold a new hearing on the protest  
16 that complies with the procedural requirement;

17           (3) shall specify the arbitrator's fee;

18           (4) is final and may not be appealed; and

19           (5) is enforceable as provided by Section 41A.09.

20           (k) If the arbitrator determines that the appraisal review  
21 board or chief appraiser failed to comply with the procedural  
22 requirement that was the subject of the limited binding  
23 arbitration:

24           (1) the comptroller, on receipt of a copy of the award,  
25 shall refund the property owner's arbitration deposit, less the  
26 amount retained by the comptroller under Section 41A.05(b); and

27           (2) the appraisal district shall pay the arbitrator's

1 fee.

2 (1) If the arbitrator determines that the appraisal review  
3 board or chief appraiser complied with the procedural requirement  
4 that was the subject of the limited binding arbitration, the  
5 comptroller shall:

6 (1) pay the arbitrator's fee out of the owner's  
7 arbitration deposit; and

8 (2) refund to the owner the owner's arbitration  
9 deposit, less the arbitrator's fee and the amount retained by the  
10 comptroller under Section 41A.05(b).

11 (m) As soon as practicable after receiving notice of an  
12 award, the appraisal review board or the chief appraiser shall:

13 (1) take any action required to comply with the  
14 requirements of the award; and

15 (2) if the award requires the appraisal review board to  
16 conduct a new hearing under Chapter 41, schedule and conduct the  
17 hearing.

18 (n) An award under this section does not affect the property  
19 owner's right to:

20 (1) appeal the final determination of a protest by the  
21 appraisal review board under Chapter 42; or

22 (2) pursue any other legal or statutory remedy  
23 available to the property owner.

24 (o) A property owner may request a single limited binding  
25 arbitration under this section that covers more than one property,  
26 more than one protest hearing, or an allegation of the failure by  
27 the appraisal review board or chief appraiser to comply with more

1 than one procedural requirement so long as the requirements of  
2 Subsection (b) are met with regard to each alleged failure to  
3 comply. The amount of the arbitration deposit and the amount of  
4 the arbitrator's fee are computed as if a single property were the  
5 subject of the arbitration. If the arbitration involves property  
6 described by Subsection (e)(1) and property described by  
7 Subsection (e)(2), the amount of the arbitration deposit and the  
8 amount of the arbitrator's fee are computed as if only the property  
9 described by Subsection (e)(2) were the subject of the arbitration.  
10 If the arbitration involves an allegation of the failure by the  
11 appraisal review board or chief appraiser to comply with more than  
12 one procedural requirement, Subsection (k) applies if the  
13 arbitrator determines that the appraisal review board or chief  
14 appraiser failed to comply with one or more of the procedural  
15 requirements that were the subject of the arbitration and  
16 Subsection (l) applies if the arbitrator determines that the  
17 appraisal review board or chief appraiser complied with all of the  
18 procedural requirements that were the subject of the arbitration.

19 (p) Section 41A.06 applies to the registration and  
20 qualification of an arbitrator under this section except that an  
21 arbitrator under this section must:

22 (1) be a licensed attorney; and

23 (2) agree to conduct an arbitration for a fee that is  
24 not more than:

25 (A) \$400 if the property is described by  
26 Subsection (e)(1); or

27 (B) \$500 if the property is described by

1 Subsection (e) (2).

2 (q) Except as otherwise provided by this section, the  
3 provisions of this chapter apply to a limited binding arbitration  
4 under this section. In the event of a conflict between this  
5 section and another provision of this chapter, this section  
6 controls.

7 SECTION 22. Section 41A.10, Tax Code, is amended by amending  
8 Subsection (a) and adding Subsection (c) to read as follows:

9 (a) The pendency of an appeal under this chapter does not  
10 affect the delinquency date for the taxes on the property subject  
11 to the appeal. Except for a property owner who has elected to  
12 defer the collection of taxes under Section 33.06 or 33.065 on the  
13 property subject to the appeal and for which the deferral is still  
14 in effect, a [A] property owner who appeals an appraisal review  
15 board order under this chapter shall pay taxes on the property  
16 subject to the appeal in an amount equal to the amount of taxes  
17 due on the portion of the taxable value of the property that is  
18 not in dispute. If the final determination of an appeal under  
19 this chapter decreases the property owner's tax liability to less  
20 than the amount of taxes paid, the taxing unit shall refund to the  
21 property owner the difference between the amount of taxes paid and  
22 the amount of taxes for which the property owner is liable.

23 (c) For the purposes of Subsection (b) of this section, taxes  
24 are not considered delinquent on property subject to an appeal if  
25 the property owner has elected to defer the collection of taxes on  
26 the property under Section 33.06 or 33.065 and the deferral is  
27 still in effect.

1 SECTION 23. Section 42.015(a), Tax Code, is amended to read  
2 as follows:

3 (a) A person leasing property who is contractually obligated  
4 to reimburse the property owner for taxes imposed on the property  
5 is entitled to appeal an order of the appraisal review board  
6 determining a protest relating to the property:

7 (1) brought by the person under Section 41.413; or

8 (2) brought by the property owner if the property owner  
9 does not appeal the order.

10 SECTION 24. Section 42.23(e), Tax Code, is amended to read  
11 as follows:

12 (e) For purposes of Subsection (d), a property owner may  
13 designate a cause of action under Section 42.25 or 42.26 as the  
14 basis for an appeal, but may not designate a cause of action under  
15 both sections as the basis for the appeal. Discovery regarding a  
16 cause of action that is not specifically designated by the property  
17 owner under Subsection (d) shall be conducted as provided by the  
18 Texas Rules of Civil Procedure. A [The] court may not enter an  
19 order, including a protective order [to modify the provisions of  
20 this subsection] under Rule 192.6 of the Texas Rules of Civil  
21 Procedure, that conflicts with Subsection (d).

22 SECTION 25. Section 6.03, Tax Code, as amended by this Act,  
23 applies only to the selection of members of the board of directors  
24 of an appraisal district who are appointed for a term that begins  
25 on or after January 1, 2022.

26 SECTION 26. Section 11.253, Tax Code, as amended by this  
27 Act, applies only to a tax year beginning on or after January 1,



1 2022.

2 SECTION 27. Sections 21.021 and 21.031, Tax Code, as amended  
3 by this Act, apply only to the allocation of the value and the  
4 determination of the situs of vessels and other watercraft for ad  
5 valorem tax purposes beginning on or after January 1, 2022.

6 SECTION 28. Section 25.19, Tax Code, as amended by this Act,  
7 applies only to a notice of appraised value for a tax year  
8 beginning on or after January 1, 2022.

9 SECTION 29. Section 41.445, Tax Code, as added by this Act,  
10 and Sections 41.45 and 41.47, Tax Code, as amended by this Act,  
11 apply only to a protest under Chapter 41, Tax Code, for which a  
12 notice of protest is filed by a property owner on or after January  
13 1, 2022. A protest under Chapter 41, Tax Code, for which a notice  
14 of protest is filed by a property owner before January 1, 2022, is  
15 governed by the law in effect on the date the notice of protest is  
16 filed, and the former law is continued in effect for that purpose.

17 SECTION 30. Section 41A.10, Tax Code, as amended by this  
18 Act, applies only to a request for binding arbitration under  
19 Chapter 41A, Tax Code, that is filed on or after the effective  
20 date of this Act. A request for binding arbitration under Chapter  
21 41A, Tax Code, that is filed before the effective date of this Act  
22 is governed by the law in effect on the date the request is filed,  
23 and the former law is continued in effect for that purpose.

24 SECTION 31. Sections 42.015 and 42.23, Tax Code, as amended  
25 by this Act, apply to an appeal under Chapter 42, Tax Code, that  
26 is pending on the date the amendments to those sections take effect  
27 under this Act or that is filed on or after that date.

1           SECTION 32. The comptroller of public accounts is required  
2 to implement a provision of this Act only if the legislature  
3 appropriates money specifically for that purpose. If the  
4 legislature does not appropriate money specifically for that  
5 purpose, the comptroller may, but is not required to, implement a  
6 provision of this Act using other appropriations available for  
7 that purpose.

8           SECTION 33. (a) Except as provided by Subsection (b) of this  
9 section, this Act takes effect January 1, 2022.

10           (b) Sections 5.103, 5.104, 6.052, 41.01, 41.461, 41.66,  
11 42.015, and 42.23, Tax Code, as amended by this Act, and Section  
12 41A.015, Tax Code, as added by this Act, take effect immediately  
13 if this Act receives a vote of two-thirds of all the members  
14 elected to each house, as provided by Section 39, Article III,  
15 Texas Constitution. If this Act does not receive the vote necessary  
16 for immediate effect, those sections of this Act take effect  
17 September 1, 2021.

18

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**May 27, 2021**

**TO:** Honorable Dade Phelan, Speaker of the House, House of Representatives

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB988** by Shine (Relating to ad valorem taxation; creating a criminal offense.), **As Passed 2nd House**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB988, As Passed 2nd House : a negative impact of (\$486,000) through the biennium ending August 31, 2023.

In addition to the administrative costs for the Comptroller's office, other costs associated with implementing the provisions of the bill cannot be determined. Passage of the bill would result in reduced taxable property values. As a result, the costs to the Foundation School Fund could be increased through the operation of the school finance formulas.

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<i>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</i>
2022	(\$333,000)
2023	(\$153,000)
2024	(\$153,000)
2025	(\$153,000)
2026	(\$153,000)

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<i>Probable Savings/(Cost) from General Revenue Fund 1</i>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$333,000)	2.0
2023	(\$153,000)	2.0
2024	(\$153,000)	2.0
2025	(\$153,000)	2.0
2026	(\$153,000)	2.0

**Fiscal Analysis**

The bill would amend Chapter 5 of the Tax Code, regarding state administration of property tax to require an appraisal review board (ARB) to incorporate model hearing procedures prepared by the Comptroller when adopting hearing procedures. The bill would allow an ARB to adopt procedures that supplement the model hearing procedures, provided they do not contradict or circumvent the model hearing procedures. The bill would require the Comptroller to review the hearing procedures adopted by each ARB.

The bill would require the ARB Survey report issued by the Comptroller to include a summary of comments, complaints, and suggestions forwarded by taxpayer liaison officers, the results of the Comptroller's review of ARB hearing procedures, and the results of requests for limited binding arbitration. The bill would require certain taxing units in counties with a population more than 120,000 to determine board of directors by resolution adopted at the first or second open meeting held after the date the chief appraiser delivers the ballot.

The bill would create a Class A misdemeanor for direct or indirect communication with a chief appraiser or other appraisal district employee in which a taxing unit participates for the purpose of influencing the value at which property in the district is appraised by a member of the governing body, officer, or employee of a taxing unit.

The bill would amend Chapter 11 of the Tax Code, regarding taxable property and exemptions, to increase the number of days that a governing body may permit property to remain at a particular location and remain eligible for a goods in transit exemption. The bill would authorize a taxing unit in a declared disaster area to extend by official action the number of days from 175 to 270, that certain personal property may remain at a defined location before losing eligibility for the tax exemption. The bill would require the application form that the Comptroller is required to provide to claim a property tax exemption for motor vehicles leased for use other than production of income allow a claimant certify by written, unsworn declaration that the lessee does not hold the vehicle for the production of income.

The bill would amend Chapter 21 of the Tax Code, regarding taxable situs, to provide a new method of allocating the fair market value of vessels or other watercraft used as an instrumentalities of commerce. The bill would allow a property owner operating vessels or other watercraft as instrumentalities of commerce request in writing, the appraisal district allocate the fair market value on a fleet wide basis and designate the location of the property owner's principal place of business as the taxable situs of the fleet.

The bill would amend Chapter 25 of the Tax Code, regarding property taxation and local appraisal, to provide that each appraisal record has a unique account number and an owner must be notified of any changes in the account number in the notice of appraised value. The bill would require the chief appraiser, at the request of a property owner, combine contiguous parcels or tracts of real property into a single appraisal record and separate identifiable segments of the owner's parcel or tract of real property into individual appraisal records.

The bill would prohibit a chief appraiser from delivering a corrected or amended notice of appraised value later than June 1 for property for which a person files a rendition statement or property report unless to correct a clerical error or to include omitted property.

The bill would add new section to Chapter 41 of the Tax Code, regarding local review, to require an ARB hold an informal conference with each property owner who files a notice of protest and requests an informal conference. The bill would permit a protest to be heard by a single-member panel on request of the property owner and to provide that if the recommendation of a single-member panel is not accepted by the board, the board may refer the matter for rehearing to a different single-member panel or the board may determine the protest. The bill would require an ARB determination of value to list separately the value of the land and improvements. The bill specifies additional requirements for appraisal districts established in counties with a population of 120,000 or more.

The bill would allow a person who owns property in an appraisal district or the chief appraiser to file a complaint with the taxpayer liaison officer alleging the ARB adopted or is implementing hearing procedures that are not in compliance with the model hearing procedures prepared by the Comptroller. The bill would require the taxpayer liaison officer to investigate the complaint and report to the board of directors. If the board of directors determines that the allegations are true, the board of directors is required to direct the chairman of the ARB to take remedial action. The board may remove the chairman if the board determines the chairman failed to act.

The bill would amend Chapter 41A of the Tax Code regarding appeals through binding arbitration, to authorize a property owner who has filed a notice of protest to file a request for limited binding arbitration to compel the ARB chief appraiser take certain action specified in the bill. A property owner would be prohibited from filing a request for binding arbitration unless the property owner delivered written notice to the chairman of the ARB, the chief appraiser, and the taxpayer liaison officer for the applicable appraisal district and the chairman of the

ARB or chief appraiser fail to agree to comply with the procedural requirement on or before the 10th day after the date the notice is delivered.

The bill would require a request for limited binding arbitration be in a form prescribed by the Comptroller and be accompanied by an arbitration deposit. The bill would establish arbitration deposit amounts, fees, and payment requirements upon result of the arbitration.

If an arbitrator determines that an ARB is not in compliance with procedural requirement, the bill requires the ARB to come into compliance or, if an ARB order was already issued, rescind the order and hold a new hearing.

The bill would exclude property owners deferring taxes under Section 33.06 or 33.065 on a property subject to the appeal from having to pay taxes on the value not in dispute. The bill would provide that taxes are not considered delinquent for purposes of filing for binding arbitration if the owner has deferred the payment of taxes.

Except as otherwise provided, the bill would take effect January 1, 2022.

## **Methodology**

The bill's proposed grant of authority to taxing units to extend the deadline for goods in transit would create a cost to taxing units and to the state through the operation of the school finance formula to the extent that taxing units that exempt goods in transit property choose to extend the deadline. Many taxing units took action to tax this personal property under previous constitutional authority to do so, and the exemption does not apply in those districts. The frequency and location of future disasters and how many taxing units would choose to extend this exemption is unknown; consequently, the cost of this provision cannot be estimated.

Under current law, the fair market value of a vessel or other watercraft is allocated based on a factor of the number of miles the vessel was operated in Texas during the preceding tax year in proportion to the total number of miles the vessel was operated during that same time period. The method proposed by the bill would allow a property owner elect to allocate the fair market value of a vessel on a fleet wide basis where the allocation factor is based on the total number of miles the property owner's fleet operated in Texas in proportion to the total number of miles the fleet operated. Allowing a property owner that operates a fleet of vessels or other watercraft used as instrumentalities of commerce an alternative method of allocating fair market value of each vessel in proportion to total miles of the fleet, would be a cost to local taxing units and to the state through the operation of the school funding formula. A property owner would only elect this method of allocation when the fleet wide allocation provides a lower market value than allocating the value based on operations of an individual vessel or watercraft. Taxing units would lose taxable value and the associated property tax revenue to the new calculation. The number of property owners that would choose the allocation method proposed in the bill is unknown; consequently, the cost of this provision cannot be estimated.

The provisions requiring an appraisal district to split or combine parcels at the request of a property owner could have an indeterminate fiscal impact to units of local government and to the state.

Under current law, a property owner is required to pay the amount of taxes due on the portion of taxable value of the property that is not in dispute. A property owner is prohibited from filing an appeal under binding arbitration if the taxes on the property subject to the appeal are delinquent. Removing this restriction for property owners who have elected to defer the collection of taxes on the property under Section 33.06 or 33.065 could allow for more property owners to appeal an appraisal review board determination. The increase in property owners that would appeal through binding arbitration, the value disputed, and outcome of any determination is unknown; consequently, the fiscal impact of this provision cannot be determined.

The bill would require the Comptroller's Property Tax Assistance Division (PTAD) to receive and review each ARB's hearing procedures and receive and compile data from every County Appraisal District's taxpayer liaison officer annually. The bill would expand PTAD's reporting to include data and analysis on the ARB hearing procedures review, taxpayer liaison reporting, and limited arbitrations. The Comptroller's office indicates that implementing the provisions of the bill will require hiring one Program Specialist III to complete these additional data collection, analysis, and reporting duties. The bill would establish a new type of limited arbitration, which the Comptroller's office expects would require hiring one Program Specialist IV to provide

support. The Comptroller's office expects annual costs of \$333,000 in fiscal year 2022 and \$153,000 in each subsequent year. The cost estimate includes a one-time technology cost of \$180,000 for updating and enhancing the arbitration system and \$153,000 per year for staffing-related costs.

### **Technology**

The Comptroller's office estimates that implementing the provisions of the bill will result in a one-time technology cost of \$180,000 in fiscal year 2022. The costs are for an estimated 1,200 programming hours to update and enhance the arbitration system to support the new duties of the Property Tax Assistance Division required by the bill.

### **Local Government Impact**

The fiscal implications of the bill cannot be determined at this time. Passage of the bill would result in reduced taxable property values. As a result, the related ad valorem tax revenue for units of local government could be reduced. Passage of the bill could result in increased administrative costs to appraisal districts.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JMc, SD, AF, BRI, KK, MBO

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**May 21, 2021**

**TO:** Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB988** by Shine (Relating to ad valorem taxation; creating a criminal offense.), **Committee Report 2nd House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB988, Committee Report 2nd House, Substituted : a negative impact of (\$486,000) through the biennium ending August 31, 2023.

In addition to the administrative costs for the Comptroller's office, other costs associated with implementing the provisions of the bill cannot be determined. Passage of the bill would result in reduced taxable property values. As a result, the costs to the Foundation School Fund could be increased through the operation of the school finance formulas.

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	Probable Net Positive/(Negative) Impact to <i>General Revenue Related Funds</i>
2022	(\$333,000)
2023	(\$153,000)
2024	(\$153,000)
2025	(\$153,000)
2026	(\$153,000)

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	Probable Savings/(Cost) from <i>General Revenue Fund</i>	<i>Change in Number of State Employees from FY 2021</i>
	1	
2022	(\$333,000)	2.0
2023	(\$153,000)	2.0
2024	(\$153,000)	2.0
2025	(\$153,000)	2.0
2026	(\$153,000)	2.0

**Fiscal Analysis**

The bill would amend Chapter 5 of the Tax Code, regarding state administration of property tax to require an appraisal review board (ARB) to incorporate model hearing procedures prepared by the Comptroller when adopting hearing procedures. The bill would allow an ARB to adopt procedures that supplement the model hearing procedures, provided they do not contradict or circumvent the model hearing procedures. The bill would require the Comptroller to review the hearing procedures adopted by each ARB.

The bill would require the ARB Survey report issued by the Comptroller to include a summary of comments, complaints, and suggestions forwarded by taxpayer liaison officers, the results of the Comptroller's review of ARB hearing procedures, and the results of requests for limited binding arbitration. The bill would require certain taxing units in counties with a population more than 120,000 to determine board of directors by resolution adopted at the first or second open meeting held after the date the chief appraiser delivers the ballot.

The bill would create a Class A misdemeanor for direct or indirect communication with a chief appraiser or other appraisal district employee in which a taxing unit participates for the purpose of influencing the value at which property in the district is appraised by a member of the governing body, officer, or employee of a taxing unit.

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The bill would amend Chapter 21 of the Tax Code, regarding taxable situs, to provide a new method of allocating the fair market value of vessels or other watercraft used as an instrumentalities of commerce. The bill would allow a property owner operating vessels or other watercraft as instrumentalities of commerce request in writing, the appraisal district allocate the fair market value on a fleet wide basis and designate the location of the property owner's principal place of business as the taxable situs of the fleet.

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The bill would prohibit a chief appraiser from delivering a corrected or amended notice of appraised value later than June 1 for property for which a person files a rendition statement or property report unless to correct a clerical error or to include omitted property.

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ARB or chief appraiser fail to agree to comply with the procedural requirement on or before the 10th day after the date the notice is delivered.

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If an arbitrator determines that an ARB is not in compliance with procedural requirement, the bill requires the ARB to come into compliance or, if an ARB order was already issued, rescind the order and hold a new hearing.

The bill would exclude property owners deferring taxes under Section 33.06 or 33.065 on a property subject to the appeal from having to pay taxes on the value not in dispute. The bill would provide that taxes are not considered delinquent for purposes of filing for binding arbitration if the owner has deferred the payment of taxes.

Except as otherwise provided, the bill would take effect January 1, 2022.

### **Methodology**

The bill's proposed grant of authority to taxing units to extend the deadline for goods in transit would create a cost to taxing units and to the state through the operation of the school finance formula to the extent that taxing units that exempt goods in transit property choose to extend the deadline. Many taxing units took action to tax this personal property under previous constitutional authority to do so, and the exemption does not apply in those districts. The frequency and location of future disasters and how many taxing units would choose to extend this exemption is unknown; consequently, the cost of this provision cannot be estimated.

Under current law, the fair market value of a vessel or other watercraft is allocated based on a factor of the number of miles the vessel was operated in Texas during the preceding tax year in proportion to the total number of miles the vessel was operated during that same time period. The method proposed by the bill would allow a property owner elect to allocate the fair market value of a vessel on a fleet wide basis where the allocation factor is based on the total number of miles the property owner's fleet operated in Texas in proportion to the total number of miles the fleet operated. Allowing a property owner that operates a fleet of vessels or other watercraft used as instrumentalities of commerce an alternative method of allocating fair market value of each vessel in proportion to total miles of the fleet, would be a cost to local taxing units and to the state through the operation of the school funding formula. A property owner would only elect this method of allocation when the fleet wide allocation provides a lower market value than allocating the value based on operations of an individual vessel or watercraft. Taxing units would lose taxable value and the associated property tax revenue to the new calculation. The number of property owners that would choose the allocation method proposed in the bill is unknown; consequently, the cost of this provision cannot be estimated.

The provisions requiring an appraisal district to split or combine parcels at the request of a property owner could have an indeterminate fiscal impact to units of local government and to the state.

Under current law, a property owner is required to pay the amount of taxes due on the portion of taxable value of the property that is not in dispute. A property owner is prohibited from filing an appeal under binding arbitration if the taxes on the property subject to the appeal are delinquent. Removing this restriction for property owners who have elected to defer the collection of taxes on the property under Section 33.06 or 33.065 could allow for more property owners to appeal an appraisal review board determination. The increase in property owners that would appeal through binding arbitration, the value disputed, and outcome of any determination is unknown; consequently, the fiscal impact of this provision cannot be determined.

The bill would require the Comptroller's Property Tax Assistance Division (PTAD) to receive and review each ARB's hearing procedures and receive and compile data from every County Appraisal District's taxpayer liaison officer annually. The bill would expand PTAD's reporting to include data and analysis on the ARB hearing procedures review, taxpayer liaison reporting, and limited arbitrations. The Comptroller's office indicates that implementing the provisions of the bill will require hiring one Program Specialist III to complete these additional data collection, analysis, and reporting duties. The bill would establish a new type of limited arbitration, which the Comptroller's office expects would require hiring one Program Specialist IV to provide

support. The Comptroller's office expects annual costs of \$333,000 in fiscal year 2022 and \$153,000 in each subsequent year. The cost estimate includes a one-time technology cost of \$180,000 for updating and enhancing the arbitration system and \$153,000 per year for staffing-related costs.

### **Technology**

The Comptroller's office estimates that implementing the provisions of the bill will result in a one-time technology cost of \$180,000 in fiscal year 2022. The costs are for an estimated 1,200 programming hours to update and enhance the arbitration system to support the new duties of the Property Tax Assistance Division required by the bill.

### **Local Government Impact**

The fiscal implications of the bill cannot be determined at this time. Passage of the bill would result in reduced taxable property values. As a result, the related ad valorem tax revenue for units of local government could be reduced. Passage of the bill could result in increased administrative costs to appraisal districts.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JMc, AF, SD, BRI, KK, MBO

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**May 16, 2021**

**TO:** Honorable Paul Bettencourt, Chair, Senate Committee on Local Government

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB988** by Shine (Relating to the system for appraising property for ad valorem tax purposes; creating a criminal offense.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB988, As Engrossed : a negative impact of (\$486,000) through the biennium ending August 31, 2023.

In addition to the administrative costs for the Comptroller's office, other costs associated with implementing the provisions of the bill cannot be determined.

Provisions of the bill which authorize a taxing unit in a declared disaster area to extend by official action the number of days from 175 to 270, that certain personal property may remain at a defined location before losing eligibility for a goods in transit exemption could result in taxable values being reduced and the related costs to the Foundation School Fund increased through the operation of the school finance formulas. The frequency and location of future disasters and how many taxing units would choose to extend this exemption is unknown; consequently, the cost of this provision cannot be estimated.

Provisions of the bill which provide that a change in the use of land from qualifying open-space land to a non-qualifying use in which the physical characteristics of the land remain consistent with the physical characteristics of the land during the period for which the land was eligible for special appraisal is not subject to the additional tax penalty and interest as a result of changing the use of the land would be a cost to local taxing units and to the state through the operation of the school funding formula. The number and value of acres that have lost the special appraisal designation or that would lose the designation in the future, but retain certain physical characteristics is unknown. As a result, the cost of this provision cannot be estimated.

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2022	(\$333,000)
2023	(\$153,000)
2024	(\$153,000)
2025	(\$153,000)
2026	(\$153,000)

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from General Revenue Fund 1</b>	<i>Change in Number of State Employees from FY 2021</i>
2022	(\$333,000)	2.0
2023	(\$153,000)	2.0
2024	(\$153,000)	2.0
2025	(\$153,000)	2.0
2026	(\$153,000)	2.0

**Fiscal Analysis**

The bill would amend Chapter 5 of the Tax Code, regarding state administration of property tax to require an appraisal review board (ARB) to incorporate model hearing procedures prepared by the Comptroller when adopting hearing procedures. The bill would allow an ARB to adopt procedures that supplement the model hearing procedures, provided they do not contradict or circumvent the model hearing procedures. The bill would require the Comptroller to review the hearing procedures adopted by each ARB.

The bill would require the ARB Survey report issued by the Comptroller to include a summary of comments, complaints, and suggestions forwarded by taxpayer liaison officers, the results of the Comptroller's review of ARB hearing procedures, and the results of requests for limited binding arbitration.

The bill would require the appointment of a taxpayer liaison office for all counties, regardless of size. The bill provides for counties with a population less than 120,000, a taxpayer liaison officer can serve for more than one appraisal district. The bill would allow a person who owns property in an appraisal district or the chief appraiser to file a complaint with the taxpayer liaison officer alleging ARB adopted or is implementing hearing procedures that are not in compliance with the model hearing procedures prepared by the Comptroller. The bill would require the taxpayer liaison officer to investigate the complaint and report to the board of directors. If the board of directors determines that the allegations are true, the board of directors is required to direct the chairman of the ARB to take remedial action. The board may remove the chairman if the board determines the chairman failed to act.

The bill would amend Chapter 41A of the Tax Code regarding appeals through binding arbitration, to authorize a property owner who has filed a notice of protest to file a request for limited binding arbitration to compel the ARB or chief appraiser take certain action specified in the bill. A property owner would be prohibited from filing a request for binding arbitration unless the property owner delivered written notice to the chairman of the ARB, the chief appraiser, and the taxpayer liaison officer for the applicable appraisal district and the chairman of the ARB or chief appraiser fail to agree to comply with the procedural requirement on or before the 10th day after the date the notice is delivered.

The bill would require a request for limited binding arbitration be in a form prescribed by the Comptroller and be accompanied by an arbitration deposit. The bill would establish arbitration deposit amounts, fees, and payment requirements upon result of the arbitration.

If an arbitrator determines that ARB is not in compliance with procedural requirements, the bill requires the ARB to come into compliance or, if an ARB order was already issued, rescind the order and hold a new hearing.

The bill would add new section to Chapter 41 of the Tax Code, regarding local review, to require an ARB to schedule an informal conference with each property owner who files a notice of protest to be held before the hearing on the protest. The bill would require the informal conference to be more than five days before the protest hearing. The bill would require the informal conference be canceled if the property owner informs the appraisal office, in writing, that the owner elects not to participate in the conference. The bill would stipulate failure to appear at the informal conference does not prevent the ARB from hearing the protest and issuing an order determining the protest.

The bill would create a state jail felony for communicating with a chief appraiser or other appraisal district employee for the purpose of influencing the value at which property in the district is appraised.

The bill would amend Chapter 11 of the Tax Code, regarding taxable property and exemptions, to increase the number of days that a governing body may permit property to remain at a particular location and remain eligible for a goods in transit exemption. The bill would authorize a taxing unit in a declared disaster area to extend by official action the number of days from 175 to 270, that certain personal property may remain at a defined location before losing eligibility for the tax exemption.

The bill would amend Section 23.55 of the Tax Code, regarding additional property taxes and interest imposed on a taxpayer who changes the use of land qualified for special appraisal as open-space agricultural land. The bill would provide that a property owner may request in writing that the chief appraiser determine whether a change of use of the property owner's land has occurred. The bill would require the chief appraiser to provide the property owner with a written determination whether the current use of the land resulted in a change of use of the land within 90 days of receiving the request. The bill would prohibit the chief appraiser from later determining that a change of use of the land has occurred based on the use described in the written determination. The bill would provide that a change in the use of land in which the physical characteristics of the land remain consistent with the physical characteristics of the land during the period for which the land was eligible for special appraisal is not subject to the additional tax penalty and interest.

The bill would amend Chapter 25 of the Tax Code, regarding property taxation and local appraisal, to provide that each appraisal record has a unique account number and an owner must be notified of any changes in the account number in the notice of appraised value. The bill would prohibit a chief appraiser from delivering a corrected or amended notice of appraised value later than June 1 for property for which a person files a rendition statement or property report unless to correct a clerical error or to include omitted property.

The bill would amend Chapter 41 of the Tax Code, regarding local appraisal review, to permit a protest to be heard by a single-member panel on request of the property owner and to provide that if the recommendation of a single-member panel is not accepted by the board, the board may refer the matter for rehearing to a different single-member panel or the board may determine the protest. The bill would require an ARB determination of value to list separately the value of the land and improvements. The bill would provide special provisions for appraisal districts established in counties with a population of 120,000 or more. The bill would prohibit a property owner from appealing separately the portion of an order of an ARB determining the appraised value of land or the portion of the order determining the appraised value of an improvement to the land if the order determined the appraised value of both.

Except as otherwise provided, the bill would take effect January 1, 2022.

## **Methodology**

The bill's proposed grant of authority to taxing units to extend the deadline for goods in transit would create a cost to taxing units and to the state through the operation of the school finance formula to the extent that taxing units that exempt goods in transit property choose to extend the deadline. Many taxing units took action to tax this personal property under previous constitutional authority to do so, and the exemption does not apply in those districts. The frequency and location of future disasters and how many taxing units would choose to extend this exemption is unknown; consequently, the cost of this provision cannot be estimated.

Land qualified for open-space appraisal is appraised according to a special appraisal formula that results in an appraised value significantly less than market value. Tax Code Section 23.55 imposes an additional property tax and interest when a property owner changes the use of land receiving a special reduced appraisal from a use which qualifies for special agricultural productivity or open space appraisal to a non-qualifying use (ag rollback tax). The bill's provision exempting land from this additional tax and interest as long as the physical characteristics of the land remain consistent with the physical characteristics of the land when it qualified for special appraisal would be a cost to local taxing units and to the state through the operation of the school funding formula. The number and value of acres that have lost the special appraisal designation or that would lose the designation in the future, but retain certain physical characteristics is unknown. As a result, the cost of this provision cannot be estimated.

The provisions requiring an appraisal district to split or combine parcels at the request of a property owner could have an indeterminate fiscal impact to units of local government and to the state.

The bill would require the Comptroller's Property Tax Assistance Division (PTAD) to receive and review each ARB's hearing procedures and receive and compile data from every County Appraisal District's taxpayer liaison officer annually. The bill would expand PTAD's reporting to include data and analysis on the ARB hearing procedures review, taxpayer liaison reporting, and limited arbitrations. The Comptroller's office indicates that implementing the provisions of the bill will require hiring one Program Specialist III to complete these additional data collection, analysis, and reporting duties. The bill would establish a new type of limited arbitration, which the Comptroller's office expects would require hiring one Program Specialist IV to provide support. The Comptroller's office expects annual costs of \$333,000 in fiscal year 2022 and \$153,000 in each subsequent year. The cost estimate includes a one-time technology cost of \$180,000 for updating and enhancing the arbitration system and \$153,000 per year for staffing-related costs.

### **Technology**

The Comptroller's office estimates that implementing the provisions of the bill will result in a one-time technology cost of \$180,000 in fiscal year 2022. The costs are for an estimated 1,200 programming hours to update and enhance the arbitration system to support the new duties of the Property Tax Assistance Division required by the bill.

### **Local Government Impact**

Provisions of the bill would modify requirements for the operation of Appraisal Review Board hearings, add a new option for binding arbitration, and require all appraisal districts to appoint a taxpayer liaison office, which could increase costs for local taxing units.

Provisions of the bill which authorize a taxing unit in a declared disaster area to extend by official action the number of days from 175 to 270, that certain personal property may remain at a defined location before losing eligibility for a goods in transit exemption could result in taxable values and the related ad valorem tax revenue being reduced. The frequency and location of future disasters and how many taxing units would choose to extend this exemption is unknown; consequently, the cost of this provision cannot be estimated.

Provisions of the bill which provide that a change in the use of land from qualifying open-space land to a non-qualifying use in which the physical characteristics of the land remain consistent with the physical characteristics of the land during the period for which the land was eligible for special appraisal is not subject to the additional tax penalty and interest as a result of changing the use of the land would be a cost to local taxing units. The number and value of acres that have lost the special appraisal designation or that would lose the designation in the future, but retain certain physical characteristics is unknown. As a result, the cost of this provision cannot be estimated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JMc, AF, SD, BRI, KK, MBO

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**April 5, 2021**

**TO:** Honorable Morgan Meyer, Chair, House Committee on Ways & Means

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE:** **HB988** by Shine (relating to the administration of the system for appraising property for ad valorem tax purposes.), **Committee Report 1st House, Substituted**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB988, Committee Report 1st House, Substituted : a negative impact of (\$486,000) through the biennium ending August 31, 2023.

**General Revenue-Related Funds, Five- Year Impact:**

<i>Fiscal Year</i>	<b>Probable Net Positive/(Negative) Impact to General Revenue Related Funds</b>
2022	(\$333,000)
2023	(\$153,000)
2024	(\$153,000)
2025	(\$153,000)
2026	(\$153,000)

**All Funds, Five-Year Impact:**

<i>Fiscal Year</i>	<b>Probable Savings/(Cost) from General Revenue Fund</b>	<b>Change in Number of State Employees from FY 2021</b>
2022	(\$333,000)	2.0
2023	(\$153,000)	2.0
2024	(\$153,000)	2.0
2025	(\$153,000)	2.0
2026	(\$153,000)	2.0

**Fiscal Analysis**

The bill would amend Chapter 5 of the Tax Code, regarding state administration of property tax to require an appraisal review board (ARB) to incorporate model hearing procedures prepared by the Comptroller when adopting hearing procedures. The bill would allow an ARB to adopt procedures that supplement the model hearing procedures, provided they do not contradict or circumvent the model hearing procedures. The bill would require the Comptroller to review the hearing procedures adopted by each ARB.

The bill would require the ARB Survey report issued by the Comptroller to include a summary of comments, complaints, and suggestions forwarded by taxpayer liaison officers, the results of the Comptroller's review of ARB hearing procedures, and the results of requests for limited binding arbitration.

The bill would require the appointment of a taxpayer liaison office for all counties, regardless of size. The bill

provides for counties with a population less than 120,000, a taxpayer liaison officer can serve for more than one appraisal district. The bill would allow a person who owns property in an appraisal district or the chief appraiser to file a complaint with the taxpayer liaison officer alleging ARB adopted or is implementing hearing procedures that are not in compliance with the model hearing procedures prepared by the Comptroller. The bill would require the taxpayer liaison officer to investigate the complaint and report to the board of directors. If the board of directors determines that the allegations are true, the board of directors is required to direct the chairman of the ARB to take remedial action. The board may remove the chairman if the board determines the chairman failed to act.

The bill would amend Chapter 41A of the Tax Code regarding appeals through binding arbitration, to authorize a property owner who has filed a notice of protest to file a request for limited binding arbitration to compel the ARB or chief appraiser take certain action specified in the bill. A property owner would be prohibited from filing a request for binding arbitration unless the property owner delivered written notice to the chairman of the ARB, the chief appraiser, and the taxpayer liaison officer for the applicable appraisal district and the chairman of the ARB or chief appraiser fail to agree to comply with the procedural requirement on or before the 10th day after the date the notice is delivered.

The bill would require a request for limited binding arbitration be in a form prescribed by the Comptroller and be accompanied by an arbitration deposit. The bill would establish arbitration deposit amounts, fees, and payment requirements upon result of the arbitration.

If an arbitrator determines that ARB is not in compliance with procedural requirements, the bill requires the ARB to come into compliance or, if an ARB order was already issued, rescind the order and hold a new hearing.

### **Methodology**

The bill would require the Comptroller's Property Tax Assistance Division (PTAD) to receive and review each ARB's hearing procedures and receive and compile data from every County Appraisal District's taxpayer liaison officer annually. The bill would expand PTAD's reporting to include data and analysis on the ARB hearing procedures review, taxpayer liaison reporting, and limited arbitrations. The Comptroller's office indicates that implementing the provisions of the bill will require hiring one Program Specialist III to complete these additional data collection, analysis, and reporting duties. The bill would establish a new type of limited arbitration, which the Comptroller's office expects would require hiring one Program Specialist IV to provide support. The Comptroller's office expects annual costs of \$333,000 in fiscal year 2022 and \$153,000 in each subsequent year. The cost estimate includes a one-time technology cost of \$180,000 for updating and enhancing the arbitration system and \$153,000 per year for staffing-related costs.

### **Technology**

The Comptroller's office estimates that implementing the provisions of the bill will result in a one-time technology cost of \$180,000 in fiscal year 2022. The costs are for an estimated 1,200 programming hours to update and enhance the arbitration system to support the new duties of the Property Tax Assistance Division required by the bill.

### **Local Government Impact**

Passage of the bill would modify requirements for the operation of Appraisal Review Board hearings, add a new option for binding arbitration, and require all appraisal districts to appoint a taxpayer liaison office, which could increase costs for local taxing units.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JMc, KK, SD, BRI, MBO



**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**March 6, 2021**

**TO:** Honorable Morgan Meyer, Chair, House Committee on Ways & Means

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB988** by Shine (Relating to the authority of a property owner to bring suit to compel an appraisal district, chief appraiser, or appraisal review board to comply with a procedural requirement applicable to an ad valorem tax protest.), **As Introduced**

<b>No fiscal implication to the State is anticipated.</b>
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The bill would amend Chapter 41, Tax Code by adding Subchapter E to provide for a limited suit to compel compliance with certain procedural requirements related to appraisal reviews.

The added subchapter would authorize a property owner who has filed a notice of protest to bring suit against an appraisal district, chief appraiser, or appraisal review board to compel compliance with a procedural requirement imposed under Chapter 41 of the Tax Code or under a rule established by the board under that chapter that is applicable to the protest. The suit would be prohibited from addressing the merits of a motion filed under Section 25.25, Tax Code, relating to appraisal roll corrections, or a protest filed under Chapter 41.

A property owner would be prohibited from bringing a suit to compel compliance unless the property owner has delivered a specified written notice of the allegations and unless the appraisal district, chief appraiser, or appraisal review board fails to comply or agree to comply with the requirement on or before the 10th day after the date the notice is delivered. The bill would provide other requirements regarding the notice.

The property owner would be prohibited from filing a petition to compel compliance earlier than or later than certain specified dates.

If a court determined that a defendant failed to comply with a pertinent procedural requirement, the court would:

- be required to order the defendant to comply with the procedural requirement;
- be required to enter any order necessary to preserve rights protected by, and impose duties required by, the law; and
- be permitted to award court costs and reasonable attorney's fees to the property owner or designated agent of the owner.

An order entered under this added subchapter would be final and could not be appealed.

The bill 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, 2022.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JMc, KK, SD, BRi, WP, SJS

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**TAX/FEE EQUITY NOTE**

**87TH LEGISLATIVE REGULAR SESSION**

**April 5, 2021**

**TO:** Honorable Morgan Meyer, Chair, House Committee on Ways & Means

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB988** by Shine (relating to the administration of the system for appraising property for ad valorem tax purposes.), **Committee Report 1st House, Substituted**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

**Source**

**Agencies:**

**LBB Staff:** JMc, KK

**LEGISLATIVE BUDGET BOARD**

**Austin, Texas**

**TAX/FEE EQUITY NOTE**

**87TH LEGISLATIVE REGULAR SESSION**

**April 8, 2021**

**TO:** Honorable Morgan Meyer, Chair, House Committee on Ways & Means

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: HB988** by Shine (Relating to the authority of a property owner to bring suit to compel an appraisal district, chief appraiser, or appraisal review board to comply with a procedural requirement applicable to an ad valorem tax protest.), **As Introduced**

No statistically significant impact on the overall distribution of a state tax or fee burden among individuals and businesses is anticipated from the provisions of this bill.

**Source**

**Agencies:**

**LBB Staff:** JMc, KK