BILL ANALYSIS

C.S.H.B. 2786
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The bill author has informed the committee that under current law, it is implied that properties must be reappraised annually, however, some appraisal districts, such as the Tarrant Appraisal District, have implemented policies that allow for multi-year reappraisal cycles and that such practices can create inequitable tax burdens, revenue instability for local governments, and market distortions. The bill author has further informed the committee that school districts are particularly affected by this issue, since they rely on accurate appraisals to receive the appropriate amount of state funding and that upon an appraisal district undervaluing property, a school district may fail the Property Value Study (PVS) conducted by the Texas Comptroller, which can result in reduced state funding or increased recapture payments. C.S.H.B. 2786 seeks to eliminate multi-year reappraisal cycles in certain Texas appraisal districts.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 2786 amends the Tax Code, with respect to the written plan the board of directors of an appraisal district must develop biennially for the periodic reappraisal of all property within the boundaries of the district, to require a plan developed by the board of directors for an appraisal district established in a county with a population of 75,000 or more to provide for the annual reappraisal of all property within the boundaries of the district. The bill requires the plan implemented by an applicable appraisal district to provide for the reappraisal of all real and personal property by the chief appraiser each year and requires the chief appraiser to use the most recent information obtained through certain reappraisal activities when performing a reappraisal.

EFFECTIVE DATE

January 1, 2026.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 2786 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute omits the provision from the introduced that, with respect to the written plan described by the bill, changed the frequency with which the appraisal district is required to reappraise property under that plan from periodic reappraisal to annual reappraisal and that, accordingly, required each appraisal office to implement that plan annually. Additionally, the substitute omits the provisions from the introduced that made conforming changes to reflect the change to the frequency of reappraisal with respect to the following statutory provisions relating to:

- the temporary exemption for qualified property damaged by a disaster;
- the limitation on the appraised value of a residence homestead; and
- the circuit breaker limitation on the appraised value of real property other than a residence homestead.

The substitute removed from the introduced version, the provision that provided that those revised provisions apply only to a property tax year that begins on or after the bill's effective date.

The substitute includes a provision absent from the introduced requiring a written plan developed by the board of directors for an appraisal district established in a county with a population of 75,000 or more to provide for the annual reappraisal of all property within the boundaries of the district.

With respect to the introduced version's requirement for the written plan to provide for the reappraisal of all real and personal property by the chief appraiser each year, the substitute limits the application of the requirement to a plan implemented by an appraisal office for an appraisal district established in a county with a population of 75,000 or more.