

BILL ANALYSIS

C.S.H.B. 4236
By: Martinez Fischer
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Section 23, Article VIII, Texas Constitution, prohibits the statewide appraisal of property for property tax purposes; however, Sections 1 and 18, Article VIII, Texas Constitution, requires the state to ensure the equality, uniformity, and proportionality of taxation and the equalization of property valuations for property tax purposes. With respect to equitable public school district funding, the state implements its constitutional duties through statutorily required property value studies conducted by the comptroller of public accounts. The bill author has informed the committee of potential inconsistencies in the methods used for conducting and the results of these property value studies, leaving certain school districts with significant losses in local and state funding. C.S.H.B. 4236 seeks to evaluate the school district property value study through the creation of a school district property value study task force to examine the study's current use and to consider potential alternative tools.

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. 4236 establishes a school district property value study task force to examine the use and effect of the public school district property value study conducted by the comptroller of public accounts under state law and to develop recommendations on the elimination or replacement of that study and alternative methods by which the purpose of the study may be accomplished. The bill sets out the composition of the task force as follows:

- two members appointed by the governor to represent the interests of taxpayers;
- one member appointed by the governor to represent appraisal districts;
- two members appointed by the governor to represent taxing units, at least one of whom must represent school districts;
- two members of the senate appointed by the lieutenant governor; and
- two members of the house of representatives appointed by the speaker of the house.

The bill defines "taxing unit" by reference to general Property Tax Code provisions. The bill requires the governor, lieutenant governor, and speaker of the house to each make the applicable appointments to the task force not later than November 1, 2025.

C.S.H.B. 4236 establishes that a task force member is not entitled to compensation for service on the task force but authorizes such a member to be reimbursed for actual and necessary expenses incurred in performing task force duties. The bill authorizes the task force to accept

gifts, grants, and donations to pay for those expenses. The bill requires the task force to designate a presiding officer and a secretary from among its members and to meet at least quarterly at the call of the presiding officer. The bill authorizes the task force to meet by telephone conference call, videoconference, or other similar telecommunication method and subjects a meeting held in such a manner to provisions of state open meetings law relating to governmental body meetings using telephone, videoconference, or Internet.

C.S.H.B. 4236 requires the task force to evaluate the following:

- the effects of the study on appraisals and all taxing units;
- the administrative burden the study imposes on appraisal districts, the comptroller, and taxing units;
- the effectiveness of the study in achieving its statutorily prescribed purpose;
- the viability of alternative means and methods to ensure the accuracy of the determination of the value of taxable property for the purpose of the equitable distribution of financial aid for public education in Texas; and
- the consistency and reliability of the results of the study with other appraisal district studies conducted by the comptroller, including the ratio study and the review of appraisal districts conducted under applicable Property Tax Code provisions and the targeted review of certain appraisal districts conducted pursuant to applicable Government Code provisions.

C.S.H.B. 4236 authorizes the task force to request relevant information from the comptroller, the Texas Education Agency, appraisal districts, and taxing units, and the bill requires the entity receiving the request to comply with the request. The bill requires the task force to develop recommendations for the most appropriate methods by which to address issues identified with the continued use of the property value study, which may include the elimination or replacement of that study. The bill requires the task force, not later than November 1, 2026, to prepare and submit a written report on the use of the property value study and recommendations developed by the task force to the governor, the lieutenant governor, the speaker of the house, and each other member of the legislature.

C.S.H.B. 4236 sets its provisions to expire and abolishes the task force on June 1, 2027.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2025.

COMPARISON OF INTRODUCED AND SUBSTITUTE

While C.S.H.B. 4236 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.

Both the introduced and the substitute establish as a purpose of the task force the development of recommendations on the elimination of the property value study. However, the substitute additionally establishes as a purpose of the task force the development of recommendations on the replacement of the study, whereas the introduced did not.

Both the substitute and the introduced require the task force to have two members appointed by the governor to represent taxing units. However, the substitute specifies that at least one such taxing unit member represent school districts, whereas the introduced specified that these members represent local taxing units. Additionally, the substitute includes provisions absent from the introduced that do the following:

- require the governor, lieutenant governor, and speaker of the house to make their appointments to the task force by a certain date; and
- define "taxing unit" for purposes of the bill's provisions.

Both the introduced and the substitute establish that task force members are not entitled to compensation for their service. However, the introduced established that members are entitled to reimbursement for actual and necessary expenses incurred in performing task force duties, whereas the substitute authorizes members to be reimbursed for such expenses.

While the introduced required the task force to choose the presiding officer from among its members, the substitute requires the task force to designate a presiding officer and a secretary from among its members.

While the introduced required the task force to examine certain information, the substitute requires the task force to evaluate certain information. With respect to certain of that information, the introduced required the task force to examine the correlation of results between the property value study and other appraisal district studies conducted by the comptroller, including the appraisal district ratio study, methods and assistance program, and targeted appraisal review program, whereas the substitute requires the task force to evaluate the consistency and reliability of the results of the property value study and with other appraisal district studies conducted by the comptroller, including the ratio study, the review of appraisal districts, and the targeted review of certain appraisal districts.

The substitute includes the Texas Education Agency, appraisal districts, and taxing units, among the entities from which the task force may request relevant information and the entities required to comply with such a request, whereas the introduced did not.