

BILL ANALYSIS

Senate Research Center
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S.B. 1052
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Property Tax Code requires chief appraisers and county appraisal districts to assess property values annually. Property owners have the right to protest their appraised values and appeal decisions made by the Appraisal Review Board (ARB). However, there is currently no time limit for resolving these appeals, which can lead to incomplete appraisal rolls and budget shortfalls for taxing units. The certification of the appraisal roll is a crucial step in the tax system, as it establishes the official record of property values used to calculate and levy taxes. Under the Tax Code, the ARB must finalize its work by July 20, and the chief appraiser must certify the appraisal roll by July 25. If the ARB has not resolved all property valuation protests by that time, the chief appraiser may certify an estimated appraisal roll under Tax Code Section 26.01(a-1). Taxing units must treat the full appraised value as taxable, even when a property owner is likely to pay a lower amount following litigation. This results in overestimated tax revenues and significant funding gaps for local governments.

S.B. 1052 modifies the tax rate calculation process when high-value property owners engage in substantial litigation over their appraised values. The bill would only apply to affected taxing units as defined in the bill (i.e., taxing units located in counties with a population of less than 500,000 and that are located on the Gulf of Mexico).

As proposed, S.B. 1052 amends current law relating to the calculation of certain ad valorem tax rates of a taxing unit for a year in which a property owner provides notice that the owner intends to appeal an order of an appraisal review board determining a protest by the owner regarding the appraisal of the owner's property.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 5.07(g), Tax Code, to require that the forms described by Subsection (f) (relating to certain tax rate calculation forms used by the designated officer or employee of each taxing unit to calculate and submit the unit's no-new-revenue tax rate and voter-approval tax rate) be in an electronic format and meet certain requirements, including being capable of including the addendum to the forms required by Section 26.04 (d-3), if applicable, and to make nonsubstantive changes.

SECTION 2. Amends Section 26.012, Tax Code, by adding Subdivisions (1-a), (1-b), (1-c), (2-a), and (20) to define "affected taxing unit," "anticipated substantial litigation," "associated business entity," "contested taxable value," and "uncontested taxable value."

SECTION 3. Amends Section 26.012(6), Tax Code, to redefine "current total value."

SECTION 4. Amends Section 26.04(d-3), Tax Code, as follows:

(d-3) Requires a designated officer or employee for a taxing unit, if an amount described by Section 26.012(6)(C) (relating to excluding certain values from the current total value

of an affected district) is excluded from the current total value of an affected taxing unit for a tax year, to include as an addendum to the tax rate calculation forms for that tax year documentation that supports the exclusion and each statement submitted to the designated officer or employee under Section 41.48(c)(2) for that tax year.

SECTION 5. Amends Section 26.16(d-1), Tax Code, to make a conforming change.

SECTION 6. Amends Sections 26.17(e) and (f), Tax Code, to make conforming changes.

SECTION 7. Amends Subchapter C, Chapter 41, Tax Code, by adding Section 41.48, as follows:

Sec. 41.48. NOTICE OF CERTAIN APPEALS; SUBMISSIONS BY PROPERTY OWNER. (a) Defines "affected taxing unit," "anticipated substantial litigation," "associated business entity," and "uncontested taxable value."

(b) Requires the officer or employee designated by the governing body of each affected taxing unit under Section 26.04(c) (relating to requiring an officer or employee designated by a governing body to calculate the no-new-revenue tax rate and voter-approval tax rate for a taxing unit), not later than July 1, to notify each property owner in the taxing unit who owns a property that had a taxable value in the preceding tax year that was one of the 10 highest in the taxing unit that the owner may have to comply with the requirements of this section.

(c) Requires a property owner or associated business entity of the owner that intends to file an appeal under Chapter 42 (Judicial Review) that is part of anticipated substantial litigation to submit to the officer or employee described by Subsection (b) of each affected taxing unit in which the property included in the litigation is located:

(1) the total amount of uncontested taxable value of all property located in the taxing unit that may be the subject of an appeal by the property owner or entity and that is part of the litigation; and

(2) a written statement providing that the property owner or entity intends to pay the tax due on the amount of the uncontested taxable value.

(d) Requires a property owner or associated business entity of the property owner to submit the information required to be submitted under this section not later than the earlier of August 7 or the 21st day after the date the first hearing regarding a protest of the value of any property included in the anticipated substantial litigation is conducted under Chapter 41 (Local Review).

(e) Provides that the amount of uncontested taxable value submitted to a designated officer or employee under this section, notwithstanding any other provision of this section, is authorized to be used by the designated officer or employee only for the purpose of calculating a tax rate under Section 26.04 (Submission of Roll to Governing Body; No-New-Revenue and Voter-Approval Tax Rates) and prohibited from being construed as an amount of value of a property that is not in dispute for purposes of a proceeding under Chapter 42.

SECTION 8. (a) Makes application of this Act, except as provided by Subsection (b) of this section, prospective to January 1, 2026.

(b) Provides that, if this Act receives the vote necessary to have immediate effect, the changes in law made by this Act apply to an ad valorem tax year that begins on or after January 1, 2025.

SECTION 9. Effective date: upon passage or September 1, 2025.