



State Laws & Rules Update

- Jason Cunningham, Deputy Chief Appraiser
- Harris County Appraisal District

- Jordan Wise, Chief Appraiser
- Fort Bend Central Appraisal District

88th Legislative Sessions

- Regular Session – Multiple Bills Passed (some vetoed)
- Special Session 1 – Nothing Was Passed
- Special Session 2 – S.B. 2 - Property Tax Relief & S.B. 3
- Special Session 3 – School Choice, Border Measures, etc.
- Special Session 4 – School Choice, School Safety, Reduce Illegal Immigration, Border Measures

SB 2 Property Tax Relief

- Voters approved all provisions in November 2023
- CADs and taxing units had to act as if it would pass, but be prepared if it didn't

SB 2 – School District Residence Homestead Exemption

- Increases the amount of the homestead exemption a school district is required to offer from \$40,000 to \$100,000 beginning with the 2023 tax year
- Prohibits taxing units that grant a local the exemption from reducing or eliminating it for 4 years
 - If granted in 2022 – can't reduce or repeal until after December 31, 2027
 - The State will make up for the additional losses
- School tax rates compressed for 2023 by 10.7 cents
 - Additional State aid provided for districts impacted

SB 2 – Selecting the board of directors of an appraisal district

- Population of the county determines the method of board of directors' selection
- Those with less than 75,000 are selected pursuant to Section 6.03 of the Tax Code
 - (same as previous years)
- Those with 75,000 or more are selected by the newly enacted Section 6.0301 of the Tax code

SB 2 – Selecting the board of directors of an appraisal district under 75,000

- The appraisal district is governed by five directors appointed by vote of the taxing units that participate in the district
- The voting entitlement of each taxing unit is based on the amount of taxes it imposed in the district for the preceding year
- Appraisal districts may increase the number of members to not more than 13 and/or change the method or procedure for appointing its board of directors
- If the county assessor-collector is not appointed to the board, the county assessor-collector serves as a nonvoting director

SB 2 – Selecting the board of directors of an appraisal district over 75,000

- The appraisal district is governed by nine directors.
- Five directors are appointed by vote of the taxing units that participate in the district in the manner prescribed by Section 6.03
- Three directors are elected by majority vote by the voters of the county in which the district is established
- Appraisal districts may not increase the number of members or change the method or procedure for appointing members
- The county assessor-collector serves as an ex officio director
 - Is a voting member

SB 2 – Eligibility to serve on the board of directors

- Resident of county for the 2 years prior to taking office
- May be on a governing body or an elected official of a taxing unit in the district
 - (ie. Mayor, City Council members, School Board members)
- Cannot be an employee of a taxing unit
 - (ie. teacher, firefighter, administrator for an ISD)

SB 2 – Eligibility to serve on the board of directors

- An individual is ineligible to serve on the board of directors
 - if they are related within the second degree by consanguinity or affinity to an individual who is engaged in the business of appraising property for compensation for use in proceedings under the Tax Code or of representing property owners for compensation in proceedings in the appraisal district
 - If at any time during the preceding three years, they have engaged in the business of appraising property for compensation for use in proceedings under the Tax Code or engaged in the business of representing property owners for compensation in proceedings in the appraisal district

SB 2 – Eligibility to serve on the board of directors

- An individual is ineligible to serve on the board of directors
 - If they own property with delinquent taxes owed for more than 60 days
 - unless there is an installment payment plan or have been deferred or abated
 - If they have been an employee of the appraisal district at anytime during the preceding 3 years
 - If they have served all or part of 5 terms
 - unless they were the county tax assessor-collector when they served, or the appraisal district population is less than 120,000

SB 2 – Eligibility to serve on the board of directors – interest in certain contracts prohibited

- An individual is ineligible to serve on the board of directors if they (or a business in which they have a substantial interest) is a party to a contract with:
 - the appraisal district
 - a taxing unit that participates in the district, if the contract relates to the performance of an activity governed by the Tax Code

SB 2 – Term of directorship

- Board Members appointed by the taxing units serve staggered four-year terms beginning on January 1 of every other even-numbered year.
- Elected members of the board of directors serve staggered four-year terms beginning on January 1 of every other odd-numbered year.

SB 2 – Vacancy of appointed director

- If a vacancy occurs in an appointed position, each taxing unit that is entitled to vote may nominate a candidate to fill the vacancy
- The taxing unit shall submit the name of its nominee to the chief appraiser within 45 days after notification from the existence of the vacancy, and the chief appraiser shall prepare and deliver to the board of directors within the next five days a list of the nominees
- The board of directors shall appoint by majority vote of its members one of the nominees to fill the vacancy
- A person appointed to fill a vacancy in an elective position must have the qualifications required of a director elected at a general election

SB 2 – Ballot procedure for elected directors; filing fee or petition

- A candidate's name may appear on the ballot only as an independent
- An application for a place on the ballot must be filed with the county judge and be accompanied by either:
 - (1) a filing fee in the amount prescribed by Section 6.032(c) of the Tax Code; or
 - (2) a petition that satisfies the requirements of Section 141.062 of the Election Code and Section 6.032(d) of the Tax Code. 6.032(b)

SB 2 – Transitioning to the new selection procedure

- Appraisal district directors shall be elected to their positions beginning with the election conducted on the uniform election date in May 2024
- The elected directors take office on July 1, 2024, and serve a term that expires on December 31, 2026

SB 2 – Transitioning to the new selection procedure

- After the election of the initial elected directors of an appraisal district, directors shall be elected beginning with the general election conducted in November 2026
 - Directors then elected take office January 1, 2027
- At the first meeting of the board that follows the November 2026 general election, the three elected directors shall draw lots to determine which director shall serve a term of two years and which two directors shall serve a term of four years
 - Thereafter, all elected directors serve four-year terms

SB 2 – Transitioning to the new selection procedure

- The term of a director serving on December 31, 2024, on the board, expires on January 1, 2025
- Not later than December 31, 2024, the taxing units participating in the appraisal district that are entitled to appoint directors shall appoint five directors to serve terms that begin on January 1, 2025
- Two directors shall be appointed to serve a term of one year, and three directors shall be appointed to serve a term of three years. Thereafter, all appointed directors serve four-year terms

SB 2 – Selection of ARB members

- Beginning July 1, 2024, members of the ARB are appointed by the applicable “appointing authority”
- Appraisal districts with a population of less than 75,000
 - The local administrative district judge
- Appraisal districts with a population of 75,000 or more
 - The board of directors of the district
- A vacancy on the board is filled in the same manner for the unexpired portion of the term

SB 2 – Selection of ARB members

- Appointments to the ARB by the board of directors of an appraisal district are made by majority vote
 - **with at least two members of the majority being elected board members**

SB 2 – Selection of ARB Chairman and Secretary

- The Board of Directors shall select a chairperson and a secretary from the members of the appraisal review board
- The Tax Code now states that the Board of Directors is **encouraged** to select as chairperson from the ARB membership, if any, who has a background in law and property appraisal

SB 2 – Circuit Breaker Limitation

- The circuit breaker limitation becomes effective to a parcel of real property with an appraised value as prescribed in the bill
 - the tax year the property first qualifies for the circuit breaker limitation
- The circuit breaker limitation is effective on January 1 of the tax year following the first tax year in which the owner owns the property on January 1

SB 2 – Circuit Breaker Limitation

- If a property owner owns a parcel of property before January 1, 2023, the property owner is considered to have acquired the property on January 1, 2023
- If you owned a parcel of property on or before January 1, 2023, the property qualifies for the circuit breaker limitation on January 1, 2024

SB 2 – Circuit Breaker Limitation

- Properties that qualify:
 - Non-residential homestead property, commercial real property, industrial real property and mineral accounts
- Properties that don't qualify:
 - A residence homestead that qualifies for a Section 11.13 exemption
 - Ag land, timber, recreation parks, scenic land, and public access airport property
- Does not include New Improvements to the property
- Replacement for disasters are not included as New Improvements

SB 2 – Circuit Breaker Limitation

- Value of Property that qualifies:
 - 2024: 5 Million Dollars (\$5,000,000) or less
 - 2025: The Comptroller determines the value using the percentage increase or decrease of the consumer price index multiplied by the 2024 tax year base of \$5 million dollars
 - 2026: The Comptroller determines the value using the percentage increase or decrease of the consumer price index multiplied by the value used in the preceding year

SB 2 – Circuit Breaker Limitation

- The circuit breaker or cap amount is 20% in most cases
- An appraisal district may increase the appraised value of real property to an amount not to exceed the lesser of
 - the market value of the property for the most recent tax year, or;
- The sum of:
 - 20 percent of the appraised value of the property for the preceding tax year
 - The appraised value of the property for the preceding tax year
 - The market value of all new improvements to the property

SB2 – Circuit Breaker Limitation

- Once qualified, the circuit breaker limitation stays in effect **as long as the property owner still owns the property**
- If qualified and the property owner no longer own the property, the circuit breaker limitation expires on January 1 of the tax year following the tax year the property owner no longer owns the property
- In all instances, the circuit breaker expires on December 31, 2026, unless extended by legislature in 2027. This is a “Pilot Program”

SB 2 – Section 23.231 (Circuit Breaker Limitation)

Scenario 1: Value below \$5 million in first year limitation applies

Year 0 (2023) Ownership begins	Year 1 (2024) 1st year limitation applies	Year 2 (2025)
Market Value: \$3.0 million	Market Value: \$4.0 million	Market Value: \$5.5 million
Appraised Value \$3.0 million	Appraised Value \$3.6 million	Appraised Value \$4.32 million

SB 2 – Section 23.231 (Circuit Breaker Limitation)

Scenario 2: Value above \$5 million in first year limitation applies

Year 0 (2023)	Year 1 (2024) Limitation <u>inapplicable</u> under Section 23.231(b)	Year 2 (2025)
Market Value: \$4.0 million	Market Value: \$5.1 million	Market Value: \$6.2 million
Appraised Value \$4.0 million	Appraised Value \$5.1 million	Appraised Value \$6.2 million

- Section 23.231(b) provides that the circuit breaker only applies to property with an appraised value of not more than an inflation adjusted \$5 million “for the tax year in which the property first qualifies for the circuit breaker limitation.”

SB 2 – Circuit Breaker Limitation

Miscellaneous Circuit Breaker Related Provisions

- Requires the chief appraiser under amended Tax Code Section 25.19(b), when appraising real property to now include a statement of whether the property qualifies for the circuit breaker limitation on appraised value
- Permits a property owner to protest a determination that the owner's property does not qualify for the circuit breaker limitation
- Requires that the chief appraiser include specific language regarding the circuit breaker limitation on the 25.19 notice sent to the owners of real property other than a single-family residence.

SB 3– Franchise Tax Exemption

- Doubles the amount of total revenue that a business has to have in order to be required to pay the Franchise Tax
- From \$1.235 million/year to \$2.47 million
- Eliminates the requirement to file if exempt

HB 207 - Relating to the exclusion of certain conveyances from classification as sham or pretended sales.

- Amends Chapter 42 of the Texas Property Tax Code and adds Sec. 41.0022 by defining “entity” and “parcel”
- Relating to concerns that rural Texans face difficulties when attempting to insure non-home equity cash-loan liens
- Addressing the reluctance of title insurers to insure these liens. These same difficulties are not faced by urban borrower and lenders
- The bill seeks to level the playing field

HB 207— continued

- These liens are not a sham or pretended sale given:
 - ✓ The deed is recorded at least 30 days before the mortgage, trust deed, or other lien is granted
 - ✓ The individual does not reside on the parcel at the time of conveyance
 - ✓ The parcel is not contiguous to the parcel the individual resides
 - ✓ The deed conveying the parcel does not contain a condition of defeasance
 - ✓ The individual recorded an affidavit with the deed

- The bill sets the required form and content of the affidavit that is required to be filed by an individual grantor of the deed, at the time of recording a deed.

HB 260 - Relating to the calculation of net to land in the appraisal of open-space land for ad valorem tax purposes

- Amends Texas Property Tax Code Sec. 23.51(4) to require a chief appraiser, in calculating net to land of open space land located in or adjacent to an area designated by a state agency as an area in which a disease or pest that affects wildlife or livestock exists or may exist, to take into consideration the effect that the presence of the applicable disease or pest or the area's designation has on the net income from the land
- Effective date: *January 1, 2024*

HB 1526 - Relating to parkland dedication for property development by certain municipalities; authorizing a fee.

- Applies to municipalities over 800,000 in population
- Many cities in Texas require a developer to dedicate a portion of a development to parkland or pay a fee in lieu of
- This bill (1) sets limits on size of land; (2) only can impose on multi-family, hotel or motel; (3) no more than 10% of land; and (4) calculation for fees is set
- Requires an appraisal district to provide, every ten years, average land value for designated areas (suburban, urban, CBD) set by the municipality
- Other changes for cities and municipalities
- Effective date: *January 1, 2024*

HB 2354 - Relating to the eligibility of land to continue to be appraised for ad valorem tax purposes as qualified open-space land following a transfer to a surviving spouse or surviving child.

- Amends Texas Property Tax Code Sec. 23.54 to establish that qualified Open-Space land is continuously eligible for that special appraisal if ownership of the land is transferred from the former owner to the surviving spouse of the former owner
- This bill allows a transfer from a former owner to a surviving spouse **without having to reapply for the special valuation by May 1** so long as ownership of the land does not change
- **The ownership of the land is not considered to have changed if ownership is transferred from the former owner to their surviving spouse**
- CADs will need copies of the death certificate or the probated will
- Effective date: *January 1, 2024*

HB 2947 - Relating to the definition of agricultural operations

- Concerns were raised that the commercial sale of animals is not clearly defined as an agricultural operation
- HB 2947 amends the Agricultural Code to add the commercial sale of animals
 - which are defined by reference as poultry, livestock, and other domestic and wild animals, but excluding animals used for illegal gaming—to the list of activities considered to be an agricultural operation
- Effective date: *June 11, 2023*

HB 4057 - Relating to the inclusion of a property in a conservation district by certain municipalities

- The City of Houston Charter requires a referendum to adopt a zoning ordinance
- Historically, the City of Houston does has largely regulated land development through deed restrictions enforced by homeowners/property owners' associations. Property owners purchase property based upon the current restrictions, or lack thereof
- The City of Houston recently created conservation districts in six pilot Houston neighborhoods. These districts will regulate many of the same items found in deed restrictions and potentially circumvent existing state law on the creation of deed restrictions by allowing 51 percent of property owners to implement newly created regulations without a property owner opt-out provision

HB 4057 - Relating to the inclusion of a property in a conservation district by certain municipalities.

(cont.)

- Instead of regulations being enforced through private covenants like deed restrictions, the City of Houston is seeking to approve, monitor, and enforce the building design guidelines created by the newly formed conservation districts
- Allows property owners in a conservation district the same right found in state law for newly created deed restrictions by providing for a one-year time period to opt out of the conservation district
- Effective date: *September 1, 2023*

SB 818 - Relating to the disposition of real property interests by navigation districts and port authorities.

- Prior to enactment, there were very specific circumstances in which the Water Code allowed a Nav. District or Port Authority to convey property once the district decides it is no longer needed as part of a navigation project
- Allows all real property or an interest in, to be sold, exchanged or leased
- Allows use restrictions on the development or use of land conveyed
- Contains provisions for telecommunications and 'narrow strips' of real property

- Effective *September 1, 2023.*

SB 1191 - Relating to late applications for the appraisal of land for ad valorem tax purposes as qualified open-space land following the death of the owner of the land.

- Requires the chief appraiser to accept and approve or deny an application for special appraisal as qualified open-space land after the deadline for filing the application has passed if certain conditions are met
- The late application is permitted if:
 - The land that is the subject of the application was appraised as qualified open-space land in the preceding tax year;
 - The ownership of the land changed as a result of the death of an owner of the land during the preceding tax year; and
 - The application is filed not later than the delinquency date for the taxes on the land for the year for which the application is filed by either the surviving spouse or a surviving child of the decedent; the executor or administrator of the decedent's estate; or a fiduciary acting on behalf of the surviving spouse or a surviving child of the decedent.
- If approved by the chief appraiser, there is no late application penalty.
- *Effective immediately.*

HB 1161 - Relating to the confidentiality of home address information for victims of child abduction and to the administration of the address confidentiality program by the office of the attorney general.

- Creates an address confidentiality program (ACP) administered by the attorney general. The program assists victims of family violence, sexual assault or abuse, stalking, or trafficking of persons in maintaining a confidential address
- Adds victims of child abduction to the list of eligible ACP participants
- The bill also amends certain eligibility standards for the program, requiring an applicant to meet any rather than all of the relevant criteria
- Effective date: *May 24, 2023*

HB 1911 - Relating to the confidentiality of home address information in ad valorem tax appraisal records of a current or former employee or contract staff member of a university health care provider at certain correctional facilities and a current or former attorney for the Department of Family and Protective Services.

- Adds a current *or* former employee or contract staff member of a university health care provider at a corrections facility operated by the Texas Department of Criminal Justice or the Texas Juvenile Justice Department
- Add a current *or* former attorney for the Department of Family and Protective Services to the list of individuals that can have their information redacted from the tax rolls
- Effective date: *June 29, 2023*

SB 617 – Addition of certain CBP personnel and family to list of individuals who may have their information redacted from tax rolls

- Adds a customs and border protection officer or border patrol agent of United States Customs and Border Protection or the spouse, surviving spouse, or adult child of a customs and border protection officer or border patrol agent to the list of individuals that can have their information redacted from the tax rolls
- Effective Date: Signed and effective May 19, 2023

SB 870 - Relating to certain Title IV-D cases and other cases with respect to child support or Title IV-D agency services and to practices and procedures for the operation of the Title IV-D agency.

- Biennial cleanup bill to modify existing child support statutes related to Title IV-D matters recommended by the Texas Attorney General
- Clarifies that courts may not order the IV-D agency to release information that is confidential or privileged
- This would protect the personal information of IV-D agency employees from public disclosure requirements in a public information request
- Provides an ability for certain state employees to elect to restrict access to their identifying personal information in property tax appraisal district records due to the nature of their work
- Effective date: *September 1, 2023*

HB 456 - Relating to an exemption from ad valorem taxation of certain interests of a mineral in place owned by a charitable organization.

- Exempts a royalty interest in mineral rights that is owned by a charitable organization that is otherwise qualified to receive an exemption from taxation of certain buildings and real property the organization owns
- Only applies to taxes imposed for a tax year beginning on or after the bill's effective date
- Exempts minerals in place for a qualifying charitable organization under various Tax Code Secs., including a royalty interest, provided that the interest is not severed from the surface estate or was donated to the charitable organization by the previous owner of the interest exempt from ad valorem taxation
- Effective *January 1, 2024*

HB 4077 - Relating to the procedure for qualifying for an exemption from ad valorem taxation of the residence homestead of an elderly person.

- Explicitly directs an appraisal district to apply the exemptions to a property if the appraisal district can independently verify that the property owner is 65 years old or older as shown by information submitted by the property owner on their original homestead exemption application or the information provided to the appraisal district from the Texas Department of Public Safety
- The prior version of this law stated that a property owner was entitled to the additional exemption and was not required to apply for it, but it did not explicitly direct appraisal districts to apply the exemption to the property
- Effective date: *January 1, 2024*

SB 1381 - Relating to the eligibility of the surviving spouse of an elderly person who qualified for a local option exemption from ad valorem taxation by a taxing unit of a portion of the appraised value.

- Requires that the over-65 application must include a space for the applicant's spouse's date of birth, if applicable
- The surviving spouse of an applicant does not need to reapply for the exemption if the appraisal district has information from the original application (or another source such as the Texas Department of Public Safety or the Department of State Health Services) that the surviving spouse is eligible to receive the exemption
- Effective Date: *January 1, 2024*

HB 4645 - Relating to the exemption from ad valorem taxation of certain property used to provide low-income or moderate-income housing

- An organization that leases land under a ground lease is now entitled to an exemption from taxation of the improvements owned by the organization if it constructs or rehabilitates and uses it to provide housing to individuals or families meeting the income eligibility requirements of this section
- An organization that leases land as described by this subsection is considered to be the owner of the land, and thereby satisfies the requirement that an organization own property for the purpose of constructing or rehabilitating a housing project on the property
- Effective date: *January 1, 2024*

SB 719 - Relating to an exemption from ad valorem taxation of property owned by a charitable organization that provides services related to the placement of a child in a foster or adoptive home

- Includes “providing services related to planning for the placement of or placing children in foster or adoptive homes or providing support or relief to women who are or may be pregnant and who are considering placing their unborn children for adoption” to be among the services at least one of which a charitable organization organized exclusively to perform religious, charitable, scientific, literary, or educational purposes must be engaged exclusively in performing to be eligible for the property tax exemption for qualifying charitable organizations
- Effective date: *January 1, 2024*

SB 1145 - Relating to an exemption from ad valorem taxation of real property used to operate a child-care facility

- Creates a local option exemption from the ad valorem taxes of counties and municipalities of all or part of the appraised value of real property owned and operated as a qualifying child-care or the portion of the real property a person owns and leases to a person who uses the property to operate a qualifying child-care facility
- The county or municipality adopting the exemption may authorize the exemption as a percentage of the appraised value. The exemption may not be less than 50%
- Defines the term, "Qualifying child-care facility"
- Effective Date: *January 1, 2024*

SB 1145 - Relating to an exemption from ad valorem taxation of real property used to operate a child-care facility

A person who claims an exemption must include with the application for the exemption **an affidavit** certifying to the chief appraiser for the appraisal district that appraises the property that is the subject of the application that:

1. the person has provided to the child-care facility to which the property is leased a disclosure document stating the amount by which the taxes on the property are reduced as a result of the exemption and the method the person will implement to ensure that the rent charged for the lease of the property fully reflects that reduction;
2. the rent charged for the lease of the property reflects the reduction in the amount of taxes on the property resulting from the exemption through a monthly or annual credit against the rent; and
3. the person does not charge rent for the lease of the property in an amount that exceeds:
 - a. for property that consists of space in a commercial property, the rent charged by the person to other tenants of the commercial property for similar space; or
 - b. for property other than property described by Paragraph (A), the average rent charged for comparable rental property.

SJR 64 – Constitutional Amendment

- Proposes a constitutional amendment authorizing the governing body of a county or municipality to exempt from ad valorem taxation real property used to operate a child-care facility

SB 1801 - Relating to a requirement that each appraisal district periodically confirm that recipients of residence homestead exemptions qualify for those exemptions

- The chief appraiser shall develop a program for the periodic review of each residence homestead exemption granted by the district under Sec. 11.13 to confirm that the recipient of the exemption still qualifies for the exemption
- At least once every five tax years
- The program may provide for the review to take place in phases

SB 1801 - continued

- The chief appraiser shall develop and implement the program not later than January 1, 2024
- The first five-year review cycle begins on that date
- Enables local appraisal districts to determine the best methodology to execute the review, including programs already utilized in some districts
- It is believed that conducting the required reviews will benefit taxing jurisdictions by removing any erroneous residential homestead exemptions from the tax rolls
- Effective Date: *September 1, 2023.*

SB 2289 - Relating to the exemption from ad valorem taxation of equipment or inventory held by a manufacturer of medical or biomedical products to protect the Texas healthcare network and strengthen our medical supply chain.

- Creates an exemption for "medical or biomedical property" that a person owns or leases that is located in a "medical or biomedical manufacturing facility"
- "Medical or biomedical property" are defined in the amended code
- Taxing units cannot opt to tax the property
- Property owner may qualify property for this exemption after January 1 in the year the owner acquires the property and once allowed, the owner need not reapply
- Effective Date: *January 1, 2024*

SJR 87 – Constitutional Amendment

- Constitutional amendment to authorize the legislature to exempt from ad valorem taxation certain tangible personal property held by a manufacturer of medical or biomedical products.

HB 2121 - Relating to the form of a rendition statement or property report used to render property for ad valorem tax purposes

- Renditions no longer need to be notarized if the statement or property report filed on behalf of a property owner by a tax agent contains a property owner's good faith estimate that the rendered property's market value is not more than \$150,000
- Applies only to the rendition of property for a tax year that begins on or after January 1, 2024

HB 2488 - Relating to the burden of proof in certain ad valorem tax appeals

- Places the burden of proof at trial in an appeal of an order of the appraisal review board on the appraisal district in certain circumstances
- In an appeal of an order of the ARB determining a protest under Subchapter C, Chapter 41, or a correction motion under Sec. 25.25, the appraisal district would have the burden of establishing the appraised value of the property at trial by clear and convincing evidence if the appraised value of the property for the preceding tax year was determined at a trial on the merits and in the subsequent tax year, the appraisal district increases the value

HB 2488 - continued

23.01(e): If the value is lowered under Ch. 41, 41A or 42, then in the next year, the chief appraiser may not increase the appraised value unless supported by “clear and convincing evidence.”

- If the value was lowered due to an “unequal” protest or lawsuit, the chief appraiser can meet the standard by showing that the comparables used were “corrected.”

41.43(a-3): For a 41.41(a)(1) or (2) protest, the CAD has the burden by clear and convincing standard if value was lowered in the preceding year; no 1.111(e) agreement; AND at least 14 days before the hearing, the owner files/delivers

- (A) income expense statements or comparable sales information that allows for determination of value or
- (B) sufficient information to determine if it was unequally appraised

HB 2488 - continued

- A trial on the merits includes trials before a jury or a judge resulting in a verdict as well as directed verdicts and can include a summary judgment.
- This bill brings a novel concept to litigation. Typically, to prevail in a civil suit the party charged with the burden of proof is the Plaintiff who must prove its case by a preponderance of the evidence. This law changes that under these circumstances
- Effective date: *Applies only to an appeal filed on or after September 1, 2023*

HB 1228 - Relating to the delivery of certain information under the Property Tax Code.

- A property owner or agent can require a tax official to send and receive notices and communications electronically
- Owner or agent can require all information that previously could be inspected under 25.195 to be provided electronically or by mail
- This includes a private appraisal firm who then must provide this information within 15 days of receipt of request
- The information necessary for proper electronic delivery of communications must be displayed prominently on any tax official website AND on the 25.19 notice of appraised value

HB 1228 - Relating to the delivery of certain information under the Property Tax Code. (cont.)

The information that must be provided upon request includes any:

- Records used to appraise an owner's property;
- Supporting data used to appraise an owner's property;
- Schedules used to appraise an owner's property;
- Any other material and information the owner or owner's agent would be entitled to inspect and copy.

Examples: Communications include Notices, Renditions, Application forms, ARB Orders, Tax Statements or Receipts

- No fee may be imposed
- The election to receive electronic communications remains in effect until revoked in writing by the owner or agent
- Owners and agents must provide any email change BEFORE the first April 1 that occurs following the change
- If notification of a change is not provided, then all electronic communications by the tax official are considered timely until notification is received

HB 1228 - Relating to the delivery of certain information under the Property Tax Code. (cont.)

- Electronic Communications from an owner or agent is considered timely if:
 - Addressed to the correct delivery portal or electronic delivery system AND
 - Received by tax official's server on or before the due date
- Tax official must acknowledge receipt of all electronic communications
- Tax official may require the owner or agent who elects to exchange communications electronically to provide an email address or other means of electronic communication
- Mandates that the comptroller will create a form and guidelines for complying with these requirements
- Requires that the tax official establish procedures governing electronic communications

- Effective Date: H.B. 1228 is effective on January 1, 2024, for counties with population on 120,000 or more; 2025 for all counties

HB 1285 – Internet Webpage Requirements

- If an appraisal district maintains an internet website, the chief appraiser of the district shall post on the internet website the following:
 1. The name;
 2. Contact information; and
 3. A description of the duties of the taxpayer liaison officer
- A link to the information described by this subsection must be prominently posted on the home page of the Internet website

HB 1285 – Taxpayer Liaison Officer – Updated Duties

- The Taxpayer Liaison Officer (“TLO”) shall provide information and material designed to assist property owners in understanding:
 1. The appraisal process;
 2. Protest procedures;
 3. The procedures for filing:
 - a) comments, complaints and suggestions with the appraisal district board directors on matters described in Section 6.052(a);
 - b) a complaint with the appraisal district board of directors under section 6.04(g); and
 - c) a complaint against the appraisal review board under section 41.66(q);
 - d) a request for limited binding arbitration; and
 4. Other matters

HB 1285 – Complaints

- A property owner may file a written complaint with the taxpayer liaison officer requesting resolution of a dispute with the appraisal district or the appraisal review board about a matter that does not relate to the appraisal of property.

HB 1285 – Complaints, cont.

- TLO may resolve the complaint by:
 1. Referring the property owner to the TLOs materials and information, or to the appropriate employee or officer of the CAD or ARB;
 2. Meeting with the parties to the dispute to facilitate an informal resolution;
 3. Treating the matter as a complaint against the ARB under section 41.66(q);
 4. Assisting the property owner in filing a request for limited binding arbitration; or
 5. Recommending in writing to the chief appraiser, board of directors, chairman of the ARB, or the property owner or the owner's agent, as applicable, a course of action that the taxpayer liaison officer believes to be appropriate

HB 1285 – Resolution of Complaints

- The TLO shall notify a property owner of the resolution of a complaint filed by the owner not later than the 90th day after the date the complaint is filed
- The resolution of a complaint filed under (b-2) is not an action that can be protested to the ARB, go to limited binding arbitration or appealed in district court

HB 1285 – Dismissal of Complaints

- The taxpayer liaison officer:
 1. Shall dismiss any part of a complaint that relates to the appraised value of a property, or the appraisal methodology used in appraising property;
and
 2. May dismiss a complaint that is repetitive or that fails to state a legitimate concern

HB 1285 – Collections

- If a complaint involves the assessment or collection of a tax, the taxpayer liaison officer shall resolve the matter by referring the property owner to the appropriate person who can assist the owner with the assessment or collection of the tax

HB 1285 – Training & Education

- The comptroller shall establish and supervise a program for the training and education of TLOs and deputy TLOs
- The training *may* be online and must:
 - Include information on the duties and responsibilities of the TLO and deputy TLO, including procedures for the informal resolution of disputes;
 - Be at least two hours in length; and
 - Provide a certificate of completion for the officer who completes the training
- TLOs serving on January 1, 2024, shall complete the training and course no later than December 31, 2024

HB 1285 – Training & Education, cont.

- TLO or Deputy TLO must complete the Comptroller's training by the *first* anniversary of the date the officer is appointed; and in each even-numbered year after the first anniversary
- A person may not serve unless the person has completed the training programs as required by this new subsection
- TLO and Deputy TLO shall submit the certificate of completion to the Board of Directors of the Appraisal District in which they serve
- TLO, Deputy TLO, and Board of Directors must retain a copy of the certificate for at least 3 years

HB 1285 – Other Duties of TLO

- The taxpayer liaison officer is responsible for providing clerical assistance to the local administrative district judge in the selection of ARB members and for publicizing the availability of positions on the appraisal review board
- The officer shall deliver to the local administrative district judge any applications to serve on the board that are submitted to the officer and shall perform other duties as requested by the local administrative district judge
 - SB 2 - This duty to provide clerical assistance and to deliver applications shall be extended to the board of directors
- A TLO or deputy TLO acting under the TLO's supervision does not commit an offense under this chapter if the officer or deputy communicates with certain people if the communication is made in the *good faith exercise of the officer's statutory duties*

HB 1285 – Evaluation of TLO and Deputy TLO

- The board of directors of the appraisal district shall annually evaluate the performance of the TLO and each deputy TLO, if applicable
- The evaluation must include a review of the timeliness of the officer 's resolution of complaints

HB 1285 – Potential Removal of ARB Chair

- Allows the Board of Directors to recommend that the local administrative judge remove the chair of the appraisal review board from that member's position as chair *if* the board determines that the chair has failed to take the actions necessary to bring the ARB in compliance with the Texas Property Tax Code
- The local administrative judge has authority to remove the chair from that office and appoint another member of the ARB as chair
- S.B. 2 changes this to board of director authority and control

HB 3207 – Relating to the composition of a CAD's agricultural advisory board

- Eliminates the requirement that agricultural advisory board members must have been a resident of the appraisal district for at least five years in order to serve
- Effective September 1, 2023

HB 3273 – The “Postcard Bill”

- After the previous two legislative sessions, appraisal districts were required to send to all property owners by August 7 notices via regular mail stating where relevant tax related information (e.g., taxing unit budgets, tax rates, hearings) could be viewed on the Internet
- Under H.B. 3273, that requirement no longer exists
- Now instead of sending postcards, appraisal districts must take measures to provide property owners with the very same notice information by a variety of alternate methods

HB 3273 – The “Postcard Bill” (cont.)

Requires that appraisal district’s post the same language that was contained on the postcards:

- Prominently on appraisal districts’ and taxing units’ websites;
- On protest hearing notices (no later than 15 days before the hearing); and
- In a newspaper of general circulation by August 7 of each year or as soon as practicable thereafter

Note: Information about the [Texas.gov/PropertyTaxes](https://www.texas.gov/PropertyTaxes) website will NOT have to be included with a notice of appraised value

HB 3273 – The “Postcard Bill” (cont.)

- Requires that instructions be posted on the Appraisal District’s Internet website informing a property owner how they can register to have notifications regarding updates to the property tax database delivered to the owner via email from the appraisal district
- Additionally, the governing body of a taxing unit, other than a school district, may not hold a public hearing on a proposed tax rate or a public meeting to adopt a tax rate until the fifth day after the date the chief appraiser of each appraisal district in which the taxing unit participates has given the required notice

HB 3273 – The “Postcard Bill” (cont.)

- Other amendments made by the bill are primarily to bring the existing statute into compliance with the new changes, such as changing references to “delivered” or “delivery” to now read as “posted”
- According to the Texas Association of Appraisal Districts, large metropolitan counties spent over \$4,000,000 on postcard mailing costs in 2022, \$700,000 of which was spent in Harris County alone. Elimination of this postcard provision reduces appraisal districts costs
- Effective Date: Jan. 1, 2024

SB 232 – Relating to the removal from office of an officer of a political subdivision for commission of certain criminal offenses

- Expands on ethics reforms instituted through SB 500 which was passed in 2017, and makes certain amendments to the Local Government Code:
 - (a) Defines a “qualifying offense”;
 - (b) Provides for the automatic removal from either elected or appointed office of a political subdivision of a person who enters a plea of guilty or no contest, receives deferred adjudication, or is convicted of a qualifying offense; and
 - (c) Requires the political subdivision’s governing body to order an election or otherwise fill the vacancy at its first regularly scheduled meeting for which notice is required under the Open Meetings Act following the date an officer of the political subdivision is removed from office
- Effective Date: Sept. 1, 2023

SB 232 – Relating to the removal from office of an officer of a political subdivision for commission of certain criminal offenses

A “Qualifying Offense” is one of the following:

- ❖ Bribery,
- ❖ Theft of public money,
- ❖ Perjury,
- ❖ Coercion of public servant or voter,
- ❖ Tampering with governmental record,
- ❖ Misuse of official information,
- ❖ Abuse of official capacity, or
- ❖ Conspiracy or attempt to commit any of these

HB 4250 – Relating to the right of the clerk of a court to deduct the cost of postage from excess proceeds

- Permits the clerk of a court to deduct from the amount of the excess proceeds resulting from a tax sale, the cost of postage for sending to the former owner of the property a notice informing them of their right to claim the proceeds.
- Effective Date: Sept. 1, 2023

SB 59 – Relating to notice of water and wastewater requirements for the foreclosure sale of residential properties by certain political subdivisions

- Requires developers of lots for residential use to meet adequate water and sewer service requirements to ensure safe housing
- However, when a County forecloses on an undeveloped property, they are allowed sell the property if it notifies the buyer of the need to meet water and sewer requirements in order to sell the foreclosed property at a tax sale. Failure to do so renders the sale void
- While the Local Government Code provided for County tax sales of these properties with this notice, it did not address whether this notice provision applied to other taxing entities like schools and drainage districts. This lack of clarity resulted in confusion and voided sales
- The notice provision is now expressly expanded to include non-county taxing entities which may have otherwise been unaware of the notice requirement under the law as previously written

SB 62 – Relating to posting certain documents and information related to certain real property sales on a county's website

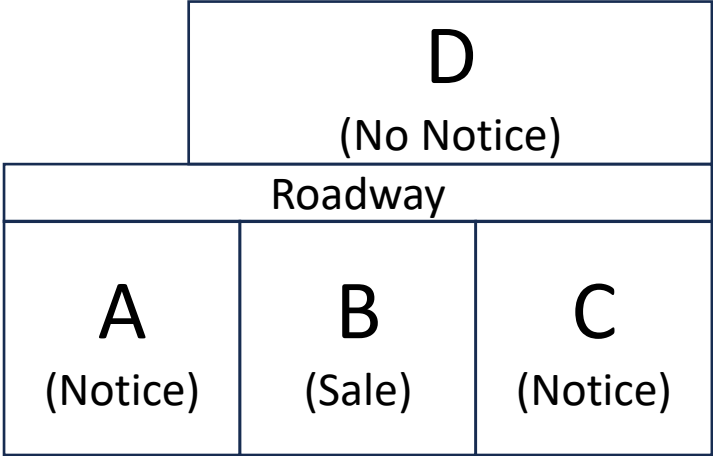
- All counties, rather than only counties that maintain a website, are now required to prominently post a notice of sale—such as tax foreclosure auctions—filed with the county clerk on the county's website on a page where the county posts other auction information and that is free for the public to access
- Each notice of sale posted under this subsection shall include the date, time, and location of the sale on the same website page on which the notice is posted
- Each county assessor-collector is required to post on its website the form a person is required to use in that county to request delinquent tax statements for the property being sold
- Effective Date: Sept. 1, 2023

SB 539 – Tax rolls show deferred status for individuals who legally defer their taxes

- Under the current law, those that legally deferred their taxes are shown on the tax rolls as delinquent rather than as deferred.
- Future tax rolls will show individuals with legal tax deferrals as having a “deferred” or abated status rather than a “delinquent” status on the tax rolls
- Effective Date: Jan. 1, 2024

SB 2091 – Relating to the authority of a taxing unit to sell certain seized or foreclosed property to an owner of an abutting property without conducting a public sale

- Requires a taxing unit that directs the private sale under this section of real property that abuts two or more adjacent parcels of real property having different owners to give notice of the sale to each abutting owner
- The notice shall state that the taxing unit will:
 - (1) offer the property for sale;
 - (2) accept sealed bids for the property; and
 - (3) sell the property to the highest bidder



SB 2091 – Relating to the authority of a taxing unit to sell certain seized or foreclosed property to an owner of an abutting property without conducting a public sale

- Applies when real property is:
 1. Landlocked;
 2. In a floodway or FEMA designated zone; or
 3. A size or shape that cannot be otherwise used due to zoning or other ordinances
- Property must be offered at public sale first and have no bid sufficient to pay amount owed
- Private sale must meet minimum sale amount
- Purchaser must meet requirements of being eligible to purchase real property
- No other taxing units' permission required
- Effective date: Sept. 1, 2023

HB 2815 – Changes to powers, authorities, duties, and responsibilities of certain water districts

- Authorizes petitions to TCEQ for a request that a MUD's succeeding board of directors be elected rather than being appointed
- Provides for elections of a MUD board of directors as requested by a petition to TCEQ
- Excludes residential exemptions from applying to a tax or assessment as authorized or approved by voters of the MUD
- *Immediate effect*

HB 2816 – Relating to Notice Given to Purchasers of Property Within Certain Water Districts

- Provides an overdue update to the procedures regarding notices sent to property buyers in water districts
- Corrects and updates information regarding tax rates, fees, and authority over public services such as parks and roads
- Clearly provides a definition of “district”
- Requires a person who proposes to sell or convey real property located in a district to give to the purchaser the written notice

HB 2816 – Relating to Notice Given to Purchasers of Property Within Certain Water Districts (cont.)

- (a) Requires that a notice to a purchaser provided under Section 49.452 include:
 - (1) A title caption in a certain font size and style;
 - (2) Sets forth the required language of the notice; and
 - (3) Certain statements, as applicable to the district. Sets forth the required language of the statements
- (b) Requires the district to omit or edit for accuracy statements not applicable to the district, as determined by the district
- (c) Requires that the notice be dated and executed by the seller and the purchaser
- (d) Requires the district, if the law is amended and causes inaccuracies in the content of the notice, to revise the content of the notice to accurately reflect current law

Effective Date: Sept. 1, 2023

HB 4456 – Calculation of the no-new-revenue maintenance and operations rate for school districts

- Changes a school district’s “no-new-revenue maintenance and operation rate” to be the rate calculated as provided by Education Code
 - Amends Section 26.17 to strike calculations based on “local revenue per ~~weighted~~ student” and is now only “local revenue per student”
 - As it pertains to appraisal districts, H.B. 4456 amends Tax Code Sec. 26.17(b), relating to the information that must be included on the database created and maintained by the chief appraiser of each CAD
-
- Effective Date: January 1, 2024

SB 1999 – Relating to the calculation of the unused increment rate of a taxing unit

- Expands on the Property Tax Reform and Transparency Act of 2019 by simplifying the unused increment created by the Act. Starting in 2020, taxing units that did not adopt a rate all the way up to the voter-approval rate were rewarded. They could save or “bank” the difference between the adopted rate and the voter-approval rate in “increments” to be used in later years when needed
- Redefines “unused increment rate” and defines “foregone revenue amount” and “preceding total value.” The unused increment rate calculation now takes into account current year’s values

SB 1999 – Relating to the calculation of the unused increment rate of a taxing unit (cont.)

Foregone Revenue Amount Formula

$$(\text{Voter-Approval Tax Rate} - \text{Actual Tax Rate}) \times \text{Preceding Total Value} = \text{Foregone Revenue Amount}$$

Unused Increment Rate Formula

Where Y(n) is the foregone revenue amount for a given year:

$$\frac{(Y1 + Y2 + Y3)}{\text{Current Total Value}} = \text{Unused Increment Rate}$$

Effective Date: January 1, 2024

SB 2350 – Relating to the voter-approval tax rate used to calculate the unused increment rate of a taxing unit for ad valorem tax purposes

Amends the current law to clarify that voter-approval tax rate means a taxing unit's voter-approval tax rate in the applicable preceding tax year, as adopted by the taxing unit during the applicable preceding tax year, less the unused increment rate for that preceding tax year

$$\text{PY Voter-Approval Tax Rate} - \text{PY Unused Increment Rate} = \frac{\text{Current Year}}{\text{Voter-Approval Tax Rate}}$$

Effective date: Jun 18, 2023

HB 2453 — Digital Licenses

- Permits the issuance of digital licenses. If a licensing agency provides a digital license, then it must also have rules that provide that:
 - The digital license be in a secure format and be readily accessible by the license holder through an Internet website and on a wireless communication device;
 - The public must be able to view a license holder's digital license through an Internet website or via QR code; and
 - If a department contracts with a vendor for digital license issuance, then the digital license must be in a format in which the vendor and the department can verify the validity of the license
- Effective Date: Sept. 1, 2023

HB 3743 – Relating to expanded authority for TDLR to adopt fees

- Clarifies the sunset date of TDLR and TCLR as September 1, 2033
- TCLR will be permitted to charge fees, to cover costs of administering any program or activity by TDLR that is outside of simply issuing licenses and renewals including but not limited to curriculum review and issuance of driver certificates to driving schools
- An applicant, license holder, or other person who regularly receives correspondence from TDLR is now required to provide an email address to TDLR for purposes of receiving correspondence
- Effective Date: Sept. 1, 2023

HB 5—Texas Jobs, Energy, Technology & Innovation Act

- Creates a new taxation limitation agreement option for certain qualifying businesses, providing a taxable value of 50% of the market value for eligible property (or 25% if the property is in a qualified opportunity zone)
- During the construction period, the taxable value for M&O is zero
- Must be located in a reinvestment or enterprise zone
- Authorizes ISD abatements

HB 5—Texas Jobs, Energy, Technology & Innovation Act (cont.)

- Not eligible:
 - Non-dispatchable electric generation facilities (is not controlled primarily by forces under human control)
 - Electric energy storage facilities

HB 5—Texas Jobs, Energy, Technology & Innovation Act (cont.)

- Applicants apply to the Comptroller on the Comptroller's form. The information that must be provided to the Comptroller is outlined in the statute
- Must also include an economic benefit statement that projects the jobs, investment, value, taxes, etc. out for 25 years after the incentive period ends
- Comptroller must establish criteria for the methodology to create the statement
- Comptroller shall recommend or not recommend application for approval
- Statute contains criteria for the Comptroller to recommend or not
- Within 60 days of determining to recommend an application, Comptroller notifies Governor, ISD and applicant

HB 5—Texas Jobs, Energy, Technology & Innovation Act (cont.)

- Eligible Projects: New construction or expansion of existing
 - Manufacturing facilities;
 - Facilities related to provision of utility services including electric generation that is considered dispatchable because the facility's output can be controlled primarily by forces under human control
 - Facilities related to development of natural resources
 - Facility for research, development or manufacture of high-tech equipment or technology
 - Critical infrastructure

HB 5—Texas Jobs, Energy, Technology & Innovation Act (cont.)

- Governor decides whether to agree with determination within 30 days of receipt from Comptroller
- ISD must determine whether to enter into the agreement and must hold a public hearing on the application within 30 days of receiving it from the Comptroller
- If approved by all, the Governor, ISD, and applicant enter into an agreement
- PILOT agreements are prohibited
- Governor or ISD may terminate the agreement if applicant fails to comply with job or wage requirements after notice and cure period
- If terminated, there is a recapture provision for the State

HB 5—Texas Jobs, Energy, Technology & Innovation Act (cont.)

- Investment requirements may be demonstrated by any reasonable means, including showing the appraisal roll has eligible property valued at or greater than the minimum investment as of January 1 of the second tax year of the incentive period
- Minimum investment requirements also depends on population
- Jobs requirements (not for electric generation facility) depends on population of the county
- ISD cannot ask or require anything of benefit in exchange for agreement
- Changes to the education code to lower the taxable value of the ISD to exclude value not taxable under one of these agreements

HB 5—Texas Jobs, Energy, Technology & Innovation Act (cont.)

CAD Responsibilities

- Must determine market, appraised, and taxable value
- May not use an estimated value in an application to determine market value
- Certain companies are ineligible
- Require chief appraiser to include in its list to the Texas Economic Development and Tourism office properties that are subject to a limitation under chapter 403 of the Gov. Code

Effective Date: Jan. 1, 2024 (except for requirement that Comptroller adopt rules, develop, and make available forms required by the provisions of the bill, which became effective in September)

Expires: 12/31/2033

SB 1371 – Relating to the regulation of consumer credit transactions and the regulatory authority of the consumer credit commissioner; changing a fee

- Primarily a modernization and clean-up provision. It makes changes across several parts of the Texas Finance Code, chief among them being:
 - a. Updates the Finance Code to modernize license surrender, rulemaking, statutory agent, hearing requests, and fee authority;
 - b. Clarifies investment standards for special funds such as the TFEE and the RMLO recovery fund; and
 - c. Amends outdated citations to state and federal law to include current and accurate citations
 - d. Owner may not waive Section 351.0022 or limit requirements imposed on a property tax lender in Tax Code Chapter 32, in addition to current prohibition on waiving requirements in Finance Code Chapter 351, regarding property tax lenders

- Effective Date: Sept. 1, 2023

HB 4101 – Relating to matters that may be subject to limited binding arbitration to compel compliance with procedural requirements related to protests before ARB

- Creates an additional reason for a property owner to file for limited binding arbitration
- Permits a property owner to compel the ARB or chief appraiser, as appropriate, to comply with the ARB's hearing procedures
- Effective Date: Jan. 1, 2024

SB 2355 – Relating to the appeal of certain ad valorem tax determinations through binding arbitration

- Changes the entity with which a property owner must file a request for an appeal of an ARB order through binding arbitration
- Binding arbitration must now be filed with the Comptroller and not the CAD
- If filed through an electronic system, the arbitration deposit must be made through that system
- If not filed through an electronic system, the filing fee will be made by check or money order made payable to the comptroller or by another form of payment acceptable to the comptroller

SB 2355 – Relating to the appeal of certain ad valorem tax determinations through binding arbitration

- Requires designation of an agent for the property owner during the binding arbitration via written authorization. The designation must authorize the agent to represent the owner and the designation takes effect when the owner or authorized individual signs the form
- Appointment of Agent forms must be kept by the agent to be produced immediately upon request from the property owner, appraisal district, ARB, arbitrator, or Comptroller
- Codifies that a settlement reached between parties to an arbitration is considered to be the final determination

SB 2355 – Relating to the appeal of certain ad valorem tax determinations through binding arbitration

- After receiving a notification from the Comptroller indicating a request for binding arbitration has been filed, Appraisal Districts will have 10 days to respond and provide the Comptroller with any information reasonably necessary to process the request and appoint an arbitrator
- Depending on how the Comptroller proceeds with its new electronic systems, each CAD may need to adopt, amend, or otherwise implement new effective measures to adequately create and track arbitration cases in their own systems
- Codifies that any settlement reached between parties to an arbitration is considered to be a final determination

Effective Date: Jan. 1, 2024

HB 4559 – Population Changes

- Amends various state codes and provisions in the Civil Statutes to revise the population-based descriptions of certain political subdivisions based on updated data from the 2020 federal census so that the applicable laws continue to apply to those subdivisions
- Effective date: *September 1, 2023*

HB 4559 – Population Changes

- An appraisal district board of directors for a district established in a county with a population of 1.2 million or more by resolution of a majority of the board's members shall increase the size of the district's appraisal review board to the number of members the board of directors considers appropriate to manage the duties of the appraisal review board, including the duties of each special panel
- The exemption under Sec. 11.18(d)(23) for organizations providing housing and related services to homeless individuals applies in a county with a population of more than 1.2 to 1.5 million, or a municipality of more than 100,000 and less than 250,000, part of which is located in a county with a population of less than 5,500

HB 4595 – Clean up All Codes

- A general code update is prepared each interim to make non-substantive changes to the various codes so that laws that should be included are included, duplicate citations are corrected, and citations are all appropriately numbered or lettered, etc
- The Texas Legislative Council oversees this duty and these changes to are to ensure that no substantive changes are made to the law

Questions?

THE END ...
...OR IS IT?