

BILL ANALYSIS

C.S.S.B. 63
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

A number of issues have been noted with the system for appraising property for property tax purposes. For instance, some taxpayers who file an application for a property tax exemption or for special appraisal of their property are not receiving a determination regarding the application in a timely manner and taxpayers often also are not receiving notice of the reason why the chief appraiser has denied or modified the application. Additionally, current law does not specify a deadline for an appraisal review board (ARB) to schedule a hearing on a taxpayer protest and, in certain counties, taxpayers have reportedly had to wait over a year to have their motion or protest heard. Further, current law does not provide a time frame in which action must be taken regarding an alleged violation committed by a member of an ARB that is a potential ground for removal. C.S.S.B. 63 seeks to address these issues and improve the governance of appraisal districts and transparency in the appraisal process while making the process more responsive and easier for taxpayers to navigate.

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 rulemaking authority is expressly granted to the comptroller of public accounts in SECTIONS 1 and 2 of this bill.

ANALYSIS

C.S.S.B. 63 amends the Tax Code to set out and revise provisions relating to the system for appraising property for property tax purposes.

Electronic Delivery and Receipt

C.S.S.B. 63 gives the comptroller of public accounts the option to send any document, payment, notice, report, or other item the comptroller is required to send under the Property Tax Code electronically and authorizes the comptroller to require, after providing notice, that any such item required to be submitted to the comptroller under that code be submitted electronically. The bill authorizes the comptroller to adopt rules to administer these provisions, including rules specifying the format of an item electronically submitted to or sent by the comptroller.

Appraisal Review Board Member Training

C.S.S.B. 63 gives a member of an appraisal review board (ARB) the option of completing the training and education required to complete the initial comprehensive ARB member training course and the subsequent continuing education course through distance learning as an

alternative to completing classroom training and education. The bill authorizes the comptroller to adopt rules to implement the provisions governing ARB member training, including rules establishing criteria for course availability and for demonstrating course completion.

Service on Appraisal District Board of Directors

C.S.S.B. 63 makes ineligible to serve on an appraisal district's board of directors an individual who has either:

- served as a director for all or part of five terms, unless the individual was the county assessor-collector at the time the individual served as a director or the appraisal district is established in a county with a population of less than 120,000; or
- been an employee of the district at any time during the preceding three years.

Service as a director before January 1, 2022, does not count for purposes of determining ineligibility.

Restriction on Appraisal District Employment

C.S.S.B. 63 prohibits an appraisal district from employing an individual who has served as a member of the district's ARB at any time during the preceding two years.

Removal of an ARB Member

C.S.S.B. 63 requires the board of directors of an appraisal district, local administrative district judge, or judge's designee that learns of a potential ground for removal of an ARB member they appointed to either remove the member or find by official action that removal is not warranted not later than the 90th day after the date the applicable appointing authority learns of the potential ground for removal.

Deadline for Action on Property Tax Applications

C.S.S.B. 63 establishes a deadline for a chief appraiser to take action on an application for an applicable property tax exemption that is not later than 90 days after the later of the date the applicant first qualifies for the exemption or the date the applicant provides to the chief appraiser the information necessary for the chief appraiser to determine the applicant's right to the exemption. The bill establishes a similar 90-day deadline for a chief appraiser to take action on an application for special appraisal and determine the applicant's right to have their land appraised as one of the following:

- agricultural land;
- open-space land;
- timber land or restricted-use timber land;
- recreational, park, or scenic land; or
- public access airport property.

If the chief appraiser requires additional information from an applicant to determine the applicant's right to an exemption or to special appraisal of their land, the chief appraiser must deliver a written notice to the applicant not later than the 30th day after the date the application is filed specifying the additional information the applicant must provide. If the chief appraiser modifies or denies an application for a tax exemption or denies an application for special appraisal, the requisite notice to the applicant must state and fully explain each reason for that action.

Certain Notice Requirements

C.S.S.B. 63 removes language limiting the email delivery of a notice of certain canceled or reduced exemptions to notices for residential property that is occupied by the owner as the owner's principal residence.

Hearing on a Motion to Correct Appraisal Roll

C.S.S.B. 63 establishes a deadline for an ARB to schedule a hearing on a motion to correct the appraisal roll that is made on or after January 1 but before September 1 that is not later than 90 days after the date the ARB approves the appraisal records. The bill also establishes a 90-day deadline for such a motion that is made on or after September 1 but before January 1 that applies following the date the hearing request is made.

Taxpayer Protests

Notice of Protest

C.S.S.B. 63 requires that, if the form prescribed by the comptroller to allow a property owner filing a protest to provide for more detail about the nature of the protest includes boxes an owner is required to select from to indicate the owner's reason for filing the protest, the form must permit a property owner who believes that their property was appraised at a value that exceeds its appraised value, was appraised unequally, or both, to select a single box to indicate that the owner is filing a protest for either or both reasons.

Scheduling of Protest Hearing

C.S.S.B. 63 establishes a 90-day deadline for an ARB to schedule a protest hearing after the date the ARB approves the appraisal records.

Notice of Protest Hearing

C.S.S.B. 63 requires the ARB of an appraisal district established in a county with a population of 120,000 or more, on written request of a property owner initiating a protest, to deliver to the owner an electronic reminder stating the date, time, and place of the protest hearing that is the subject of the notice and sets out provisions relating to the manner in which the electronic reminder is to be requested and delivered. The bill establishes that the failure to deliver the electronic reminder is not considered a failure to provide or deliver notice that is grounds for a property owner to bring a protest.

Evidence Presented at Protest Hearing

C.S.S.B. 63 prohibits a chief appraiser from offering evidence or argument at a hearing on a protest in support of a reason for modifying or denying an application for a tax exemption or for special appraisal of land, as applicable, other than a reason stated in the notice delivered to the property owner explaining the reason for which the chief appraiser took that action unless the chief appraiser provides written notice to the property owner of the additional reason for modifying or denying the application not later than the 14th day before the date of the hearing and establishes that the additional reason was not known to the chief appraiser at the time the chief appraiser delivered the initial notice to the applicant.

EFFECTIVE DATE

September 1, 2021.

COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE

While C.S.S.B. 63 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

The engrossed made an individual ineligible to serve on an appraisal district's board of directors if the individual has served as a member for all or part of three terms. The substitute extends the number of terms an individual may serve all or part of to five. The substitute also includes a provision not in the engrossed establishing that service as a director before January 1, 2022, does not count for purposes of determining ineligibility to serve on the board.

While both the engrossed and the substitute establish a 90-day deadline for a chief appraiser to take action on an application for a property tax exemption or an application for special appraisal of land on the basis of its use, the substitute changes the date on which the 90-day period to take an action begins. In the engrossed, the deadline was not later than the 90th day after the date the application is filed with the chief appraiser, whereas in the substitute the deadline is not later than the 90th day after the later of the following:

- the date the applicant first qualifies for the applicable exemption or is first eligible for the special appraisal; or
- the date the applicant provides to the chief appraiser the information necessary for the chief appraiser to determine the applicant's right to the exemption or to the special appraisal.

The substitute includes provisions that did not appear in the engrossed requiring a chief appraiser who requires additional information from an applicant to determine the applicant's right to an exemption or to special appraisal, as applicable, to deliver a written notice to the applicant not later than the 30th day after the date the application is filed specifying the additional information the applicant must provide.

While both the engrossed and the substitute establish a 90-day deadline for an ARB to schedule a hearing on a motion to correct the tax roll, the date on which the 90-day period begins differs. In the engrossed, the deadline was not later than the 90th day after the date the request for the hearing is made. In the substitute, this remains the deadline for a hearing that is requested on or after September 1 but before January 1 of the following tax year, but the deadline for a hearing requested on or after January 1 but before September 1 is changed so that the deadline to schedule the hearing is not later than the 90th day after the date the ARB approves the appraisal records.

The substitute limits the applicability of the requirement in the engrossed for an ARB to deliver to the property owner initiating a taxpayer protest, on written request of the owner, an electronic reminder stating the date, time, and place of the protest hearing that is the subject of the notice to the ARB of an appraisal district established in a county with a population of 120,000 or more. The substitute includes a provision not in the engrossed establishing that a failure to deliver the electronic reminder of the hearing is not considered a failure to provide or deliver notice.

The engrossed and the substitute each prohibit a chief appraiser from offering evidence or argument at a protest hearing in support of a reason for modifying or denying an application for a tax exemption or for special appraisal that was not included in the notice delivered to the applicant stating the reason for the chief appraiser's action on the application. However, the substitute includes an exception to that prohibition not included in the engrossed whereby the chief appraiser may provide new evidence or argument if the chief appraiser provides not later than the 14th day before the date of the hearing written notice to the property owner of the additional reason for the modification or denial and establishes that the additional reason was not known to the chief appraiser at the time the chief appraiser delivered the original notice.