

- SUBJECT:** Five-year tax analysis on annual appraisal notices and property tax bills
- COMMITTEE:** Local Government Ways and Means — committee substitute recommended
- VOTE:** 5 ayes — Hill, Elkins, Puente, Quintanilla, Uresti
- 0 nays
- 2 absent — Hamilton, Laubenberg
- WITNESSES:** For — Brandon Aghamalian, City of Fort Worth; Donald Lee, Texas Conference of Urban Counties
- Against — Jim Terrell, Buddy Winn, Tax Assessor Collector Association
- BACKGROUND:** Under Tax Code, ch. 25.19, a taxing unit's chief appraiser must mail property tax appraisal notices by May 15, or soon thereafter. Among other information, these notices must include the following information about the appraised property:
- a list of taxing units in which the property is taxable;
  - the preceding year's appraisal value;
  - the preceding year's taxable value for each taxing unit; and
  - the current appraisal value, including exemptions.
- Under Tax Code, ch. 31.01, tax assessors must mail property tax bills or separate statements by October 1, or soon thereafter. Among other information, these notices must include the following information about the appraised property:
- identification and location;
  - appraisal value, assessed value, and taxable value;
  - exemptions;
  - total tax rate; and
  - tax due.

DIGEST: HB 784 would add an appraisal value history section to appraisal notices and expand the property tax history section included with property tax bills.

Supplemental information to the appraisal notice would include:

- appraised and taxable value for the current tax year and for each of the preceding five tax years;
- the annual percentage change in the appraised and taxable values for the current tax year and the previous tax year; and
- the percent increase or decrease between both the appraised and taxable values for the current tax year compared to the fifth previous tax year.

Supplemental information included with the property tax bill would include:

- the property's appraised and taxable value, the taxing unit's rate, and the amount of taxes imposed on the property;
- the annual percentage change in the amount of taxes imposed for the current tax year and the previous tax year;
- the percent increase or decrease between both the appraised and taxable values for the current tax year compared to the fifth previous tax year.
- the percentage change between the unit's total tax rate for the current tax year compared to the fifth previous tax year; and
- the percentage change between the appraised value and the taxable value for the current tax year compared to the fifth previous tax year.

Taxing units would have until 2012 to ensure that they could provide property owners with all the information required to accompany the property tax bill. Until then, the unit could state on the notice that the information was not available for that year.

The bill would take effect January 1, 2006.

SUPPORTERS SAY: CSHB 1984 would expand the tax analysis history that accompanies appraisal notices and tax bills to provide accurate, complete property tax information to taxpayers about their property taxes for the current year and

the previous five years. Taxpayers have a right to see clearly how their property taxes have changed in recent years.

With the heavy reliance that the public education system and local governments place on property taxes, CSHB 1984 fundamentally would increase public understanding about changes in annual appraisal notices and tax bills. This awareness would make the property appraisal and taxing system more transparent and could prevent appraisal disputes, as well as alleviating public misgivings about the appraisal system and mistrust of local officials. Property owners could hold taxing units accountable for annual changes in tax rates and total tax burdens.

Appraisal notices and tax bills already include an analysis section of current year information. Adding more information to this section would not require excessive administrative modifications. Data programming and software costs would be one-time expenses for taxing units, and maintenance costs would be incorporated into future annual budgets.

For smaller counties that had trouble accessing the required data, the bill would allow them six years to obtain all the information necessary for inclusion in their appraisal notices and tax bills.

**OPPONENTS  
SAY:**

Most counties only include current information on their annual notices and bills. CSHB 1984 would require extensive programming and administrative changes. A taxing unit with minimal data collection capabilities would have to purchase an entire computer system, and six years might not be enough time to purchase the equipment, perform required programming, adopt administrative procedures, and implement a functioning new system. Other expenses to local governments would include ongoing database maintenance and printing and postage costs.

The bill would add a substantial amount of complex data to tax notices, which some taxpayers might find confusing. With so much information to sort through, an increasing number of taxpayers might misunderstand the total amount of taxes due and incur delinquent tax payments.

**NOTES:**

The committee substitute differs from the original in that it would add the five-year tax analysis history to appraisal notices in addition to the tax bills.