

BILL ANALYSIS

Senate Research Center

C.S.S.B. 841
By: Cain
Finance
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Committee Report (Substituted)

DIGEST

C.S.S.B. 841 would change the Property Tax Code to reform the property tax appraisal system. This bill would make several main changes to current law affecting elected appraisal district boards of directors, the mass appraisal system, fraudulent property tax exemptions, the appeals process, the portability of senior school tax freeze, and deferred collection of taxes on appreciating residence homesteads.

PURPOSE

As proposed, C.S.S.B. 841 amends the current Tax Code and the Election Code to make changes relating to ad valorem taxation.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 6.03(a), (b), (c), and (l), Tax Code, to provide that the appraisal district is governed by a board of six directors, five of which are appointed by the taxing units that participate in the district as provided by this section. Provides that the county assessor-collector is an ex officio director. Establishes that to be eligible to serve on the board of directors, an individual other than the county assessor-collector must be a resident of the district and must have resided in the district for at least two years immediately preceding the date the individual takes office. Makes conforming changes.

SECTION 2. Amends Section 6.034(a), Tax Code, to make a conforming change.

SECTION 3. Amends Section 6.04(a), Tax Code, to provide that the county assessor-collector is the chairman of the board. Deletes existing text regarding the election of a chairman by the board from among its members.

SECTION 4. Amends Section 6.41(c), Tax Code, to provide that in an appraisal district established for a county having a population of more than 300,000, an individual who has served for all or part of three previous terms as a board member or auxiliary board member on the appraisal review board or is a former officer or employee of a taxing unit is ineligible to serve.

SECTION 5. Amends Section 6.411, Tax Code, to authorize the board of directors of an appraisal district to appoint auxiliary members to perform certain functions, rather than appointing auxiliary members to the appraisal review board to perform certain functions. Sets forth the number of auxiliary members that may be appointed for various counties. Makes conforming changes.

SECTION 6. Amends Section 11.13(h), Tax Code, to prohibit a person from receiving an exemption under this section for more than one residence homestead in the same year.

SECTION 7. Amends Section 11.26, Tax Code, by amending Subsection (b) and adding Subsection (g) to make a conforming change and a nonsubstantive change. Prohibits a school district from imposing ad valorem taxes that exceed a certain amount on a certain homestead, except as provided

by Subsection (b), under certain conditions.

SECTION 8. Amends Section 11.41, Tax Code, to remove a reference to an exception provided by Subsection (b) of this section. Requires an exemption, under certain conditions, to be multiplied by a fraction, the numerator of which is the value of the property interest the person owns and the denominator of which is the value of the property, rather than requiring the exemption to be limited to the value of the property interest. Deletes existing Subsection (b). Makes conforming changes.

SECTION 9. Amends Section 11.43, Tax Code, by amending Subsection (f) and adding Subsection (j), to require the application form for each kind of exemption to require an applicant to provide the applicant's name and driver's license number, personal identification certificate number, or social security account number. Defines "driver's license" and "personal identification certificate." Sets forth the requirements for an application for an exemption under Section 11.31. Makes conforming changes.

SECTION 10. Amends Section 23.01(b), Tax Code, to require the market value of property to be determined by the application of generally accepted appraisal methods and techniques, including the mass appraisal standards recognized by the Uniform Standards of Professional Appraisal Practice. Makes conforming changes.

SECTION 11. Amends Chapter 23A, Tax Code, by adding Sections 23.011-23.013, as follows:

Sec. 23.011. COST METHOD OF APPRAISAL. Sets forth requirements for the chief appraiser applicable if the chief appraiser uses the cost method of appraisal to determine the market value of real property.

Sec. 23.012. INCOME METHOD OF APPRAISAL. Sets forth requirements for the chief appraiser applicable if the chief appraiser uses the income method of appraisal to determine the market value of real property.

Sec. 23.013. MARKET DATA COMPARISON METHOD OF APPRAISAL. Requires the chief appraiser to use comparable sales data if possible, if the chief appraiser uses the market data comparison method of appraisal to determine the market value of real property.

SECTION 12. Amends Section 25.19, Tax Code, by amending Subsections (b) and (i) and adding Subsection (j), to require the chief appraiser to separate real from personal property and include in the notice for each a detailed, rather than brief, explanation of the time and procedure for protesting the value. Provides that delivery with a notice required by Subsection (a) or (i) of a copy of the pamphlet published by the comptroller under Section 5.06 is sufficient to comply with the requirement that the notice include the information specified by Subsection (b)(7) or (i)(3), as applicable. Makes conforming changes.

SECTION 13. Amends Section 33.01, Tax Code, by adding Subsections (d) and (e), to provide that in lieu of the penalty imposed under Subsection (a), a delinquent tax incurs a penalty of 50 percent of the amount of the tax without regard to the number of months the tax has been delinquent if the tax is delinquent because the property owner received an exemption under certain sections. Provides that a penalty imposed under Subsection (d) does not apply if, at any time before the date the tax becomes delinquent, the property owner gives to the chief appraiser of the appraisal district in which the property is located written notice of circumstances that would disqualify the owner for the exemption.

SECTION 14. Amends Section 33.06, Tax Code, to amend the heading as follows:

Sec. 33.06. DEFERRED COLLECTION OF TAXES ON RESIDENCE HOMESTEAD OF ELDERLY PERSON.

SECTION 15. Amends Chapter 33A, Tax Code, by adding Section 33.065, as follows:

Sec. 33.065. DEFERRED COLLECTION OF TAXES ON APPRECIATING RESIDENCE HOMESTEAD. Sets forth the terms under which an individual is entitled to defer or abate a suit to collect a delinquent tax imposed on the portion of the appraised value of property the individual owns and occupies as the individual's residence homestead that exceeds a certain sum. Prohibits an individual from obtaining a deferral or abatement if certain conditions exist. Sets forth the procedure by which an individual obtains a deferral and an abatement. Establishes the conditions under which a deferral or abatement applies only to certain ad valorem taxes. Sets forth the terms by which a tax lien remains on the property and interest continues to accrue during the period collection of delinquent taxes is deferred, and by which a penalty may and may not be imposed. Requires the chief appraiser for each appraisal district to publicize certain information each year. Defines "new improvement" and "residence homestead."

SECTION 16. Amends Section 41.46(a), Tax Code, to require the appraisal review board to deliver a written notice to the property owner initiating a protest of the date, time, and place fixed for the hearing on the protest, unless the property owner waives in writing notice of the hearing.

SECTION 17. Amends Chapter 41D, Tax Code, by adding Section 41.71, as follows:

Sec. 41.71. EVENING AND WEEKEND HEARINGS. Requires an appraisal review board, at the request of a property owner, to schedule a hearing on a protest at a certain time.

SECTION 18. (a) Effective date: January 1, 1998, except as otherwise provided by this section.

(b) Makes application of this Act prospective regarding SECTION 4.

(c) Sets forth the terms under which SECTION 7 takes effect.

(d) Makes application of SECTION 9 of this Act prospective.

(e) Makes application of SECTION 13 of this Act prospective.

SECTION 19. Emergency clause.

SUMMARY OF COMMITTEE CHANGES

Deletes former SECTIONS 1-3.

SECTION 1.

Amends Section 6.03, Tax Code, to set forth the terms by which the appraisal district is governed by a board of six, rather than five, directors. Sets forth the qualifications for individuals other than the county assessor-collector for service on the board. Deletes existing text regarding the election of the board of directors. Reinstates formerly deleted text regarding the board of directors.

Deletes former SECTIONS 5-8.

SECTION 3.

Amends Section 6.04(a), Tax Code, to provide that the county assessor-collector is the chairman of the board. Deletes existing text regarding election of a chairman.

SECTION 4.

Amends Section 6.41(c), Tax Code, to provide that an individual who is a former officer or employee of a taxing unit is ineligible to serve on the appraisal review board of certain appraisal districts.

SECTION 5.

Amends Section 6.411, Tax Code, to change the number of auxiliary members that may be appointed in certain counties.

Redesignates former SECTIONS 9-10 as SECTIONS 6-7.

Deletes former SECTION 11.

Redesignates former SECTIONS 12-13 as SECTIONS 8-9.J

SECTION 10.

Amends Section 23.01(b), Tax Code, to change the method in which the market value of property shall be determined. Deletes existing text regarding determining the market value of property.

Redesignates former SECTION 15 as SECTION 11.

Deletes former SECTIONS 16-17.

Redesignates former SECTION 18 as SECTION 12.

Deletes former SECTION 19.

SECTION 14.

Changes the section heading.

SECTION 15.

Adds Section 33.065, Tax Code, to set forth provisions regarding deferred collection of taxes on appreciating residence homesteads.

SECTION 16.

Amends Section 41.46(a), Tax Code, to set forth provisions regarding notice given to property owners initiating a protest of certain matters related to a hearing on the protest.

SECTION 17.

Amends Section 41.71, Tax Code, to set forth provisions regarding evening and weekend hearings.

SECTION 18.

Changes the effective dates and applications of various provisions of this Act.