PROPERTY TAX BILLS
ENACTED IN THE 2015 TEXAS LEGISLATURE

The 2015 regular session of the Texas Legislature is now history. Many bills were filed in both the Senate and the House of Representatives, but a surprisingly small number of them were actually enacted. This report summarizes those bills. The constitutional amendments proposed in house joint resolutions (H.J.R.s) and senate joint resolutions (S.J.R.s) will require the approval of the voters in an election to be held on November 3, 2015. Of course, MVBA’s lawyers will be happy to discuss the new legislation with their clients and to provide helpful advice. Please let us know how we can be of service.

Exemptions

H.B. 275
Author: Ashby
Amends/Enacts: §11.16 Tax Code
Effective 1-1-16

The exemption for farm products in the hands of the producer will be expanded to include chicken eggs, regardless of whether they were packaged.

H.B. 706
Author: Farrar
Amends/Enacts: §11.43 Tax Code
Effective: 1-1-16

The exemption for solar or wind-powered energy devices will fall into the category of exemptions that do not require annual applications. Once a property receives the exemption in one year, the owner will not need to reapply in future years.

H.B. 992
Author: Bonnen, Dennis
Amends/Enacts: §11.131 Tax Code
Effective: 1-1-16 if voters approve constitutional amendment in November 3, 2015 election

H.J.R. 75
Author: Bonnen, Dennis
Amends/Enacts: Art. VIII, §1-b Texas Constitution
Effective: 1-1-16 if approved by voters in November 3, 2015 election

The 100% homestead exemption for a severely disabled veteran will benefit a deceased veteran’s surviving spouse even if the veteran himself died before the exemption was ever enacted. The surviving spouse will receive the exemption on the property that was the veteran’s
homestead at the time of his death provided that the property is still her homestead and that she has not remarried.

**H.B. 994**  
Author: Anchia  
Amends/Enacts: §11.311 Tax Code  
Effective: 1-1-16

In 2013, the legislature enacted an exemption for landfill-generated gas conversion facilities. It applied to only property that qualified on January 1, 2014, and it was scheduled to expire after 2015. This bill extends the exemption indefinitely and expands it to properties that became eligible after January 1, 2014. The exemption will no longer cover real property, only tangible personal property (including fixtures) actually used in the process of collecting, compressing and processing gas.

**H.B. 1022**  
Author: Moody  
Amends/Enacts: §11.13 Tax Code  
Effective: 1-1-16

A property will qualify as a homestead if it is occupied as a principal residence by “an owner’s surviving spouse who has a life estate in the property.” This is already the law, so the bill really doesn’t change anything.

**H.B. 1463**  
Author: Raymond  
Amends/Enacts: §§1.07 and 11.43 Tax Code  
Effective: 9-1-15

If an appraisal district requires a property owner receiving an over-65 homestead exemption to file a new application and the person fails to file it, the district will have to make an extra effort to notify the property owner before it can cancel the exemption. The district must send the owner a certified-mail notice and include: 1) a form on which the owner can state whether he still qualifies for the exemption; 2) a postage-paid return envelope; and 3) instructions for returning the form. If the owner does not respond within sixty days, the district may cancel the exemption thirty days later, but only after making a “reasonable effort” to locate the owner and determine whether he still qualifies for the exemption. A reasonable effort includes sending the owner, immediately after the expiration of the sixty days, an additional notice of cancellation by first-class mail in an envelope marked “RETURN SERVICE REQUESTED” or other measures that the district thinks are appropriate.

**H.B. 3623**  
Author: Gonzales  
Amends/Enacts: §§11.23 and 11.43 Tax Code  
Effective: 1-1-16

This bill exempts the property of the National Hispanic Institute as long as the institute is exempt from federal income taxes.

**S.B. 1**  
Author: Nelson
Amends/Enacts: §§11.13, 11.26 and 26.05 Tax Code; §§41.0011, 42.2518, 42.252, 42.302, 46.003, 46.032 and 46.071 Education Code; §403.302 Government Code
Effective: Immediately if voters approve constitutional amendment in November 3, 2015 election; applies to 2015 tax year

S.J.R. 1
Author: Nelson
Amends/Enacts: Art. VIII, §§1-b and 29 Texas Constitution
Effective: Immediately if approved by voters November 3, 2015 election; applies to 2015 tax year

This proposed constitutional amendment and related bill will increase the general homestead exemption that applies to school districts to $25,000.00. A school district that is currently giving a percentage homestead exemption will be prohibited from repealing or reducing that exemption. Homeowners with tax freezes will have those freezes adjusted to reflect the increased exemption. The state will provide school districts with extra money to compensate them for the tax revenues lost as a result of the increased exemption.

When the amendments take effect, they will apply to 2015. But the amendments will not take effect until the November 3, 2015 election, well after school districts have adopted their 2015 tax rates and sent out their tax bills. In the meantime, appraisal districts and school districts will proceed as though the amendments were already in effect. Appraisal districts will create supplemental 2015 appraisal records showing the $25,000 exemptions. School districts will follow truth-in-taxation procedures and send their tax bills as though the $25,000 exemption were already in effect. In the very unlikely event that the voters eject the amendments, school districts would send supplemental tax bills for the extra taxes based on a $15,000 exemption.

S.B. 833 Author: Campbell
Amends/Enacts: §11.13 Tax Code
Effective: Immediately

A homeowner will keep his homestead exemption when he is away due to military service inside or outside the country.

S.B. 918
Author: Nichols
Amends/Enacts: §11.43 Tax Code
Effective: 1-1-16

A veteran’s organization will no longer have to file an exemption application every year. The exemption, once granted, will continue from year to year without requiring additional applications.

S.B. 1563
Author: Eltife
Amends/Enacts: §3503.154 Special District Local Laws Code
Effective: Immediately

The TexAmericas Center, which is organizing the development of land from closed military installations in Bowie County, can create nonprofit corporations, and the property of those corporations would be exempt from taxation.
H.B. 1464
Author: Raymond
Amends/Enacts: §§1.07, 23.43, 23.46, 23.54, 23.55 and 23.551 Tax Code; §521.049 Transportation Code
Effective: 9-1-15

Before making a change-of-use determination on agricultural land belonging to an owner over 65, an appraisal district will have to make an extra effort to notify the property owner. The district must send the owner a certified-mail notice and include: 1) a form on which the owner can state whether his land still qualifies for agricultural appraisal; 2) a postage-paid return envelope; and 3) instructions for returning the form. If the owner does not respond within sixty days, the district must make a “reasonable effort” to locate him and determine whether his land still qualifies for agricultural appraisal. A reasonable effort includes sending the owner, immediately after the expiration of the sixty days, an additional notice by first-class mail in an envelope marked “RETURN SERVICE REQUESTED” or providing the notice in another way that the district thinks is appropriate.

An agricultural appraisal application would include a place for the owner to state his birth date, but the appraisal district would be bound to follow this rule even if the owner had not provided that information and the district did not know his age. The district could get information about people’s ages from the DPS.

H.B. 2083
Author: Darby
Amends/Enacts: §23.01 Tax Code
Effective 1-1-16

In an unequal-appraisal analysis that compares the appraised values of properties, the selection of comparable properties and the application of appropriate adjustments will have to be based on generally accepted appraisal methods and techniques. Adjustments must be based on recognized methods and techniques that are necessary to produce a credible opinion. This rule, however, will not prevent a property owner who is representing himself from stating his opinions.

S.B. 1985
Author: Uresti
Amends/Enacts: §23.175 Tax Code
Effective: 1-1-16

An appraisal district will calculate a price adjustment factor for a mineral interest by dividing the spot price of West Texas Intermediate crude in nominal dollars per barrel or the spot price of natural gas at the Henry Hub in nominal dollars per million BTUs, as applicable, as projected for the current calendar year by the U.S. Energy Information Administration in the most recently published edition of the Annual Energy Outlook by the spot price for the preceding year. If as of March 1 of a year, the most recent edition of the Annual Energy Outlook was published before the preceding December 1, the district will use the projected current and preceding-year year spot price as stated in the Short-Term Energy Outlook report published in January by the Energy Information Administration to calculate the price adjustment factor.
Appraisal Districts and ARBs

H.B. 394
Author: McLendon
Amends/Enacts: §25.027 Tax Code
Effective: 9-1-15

Information in appraisal records may not be posted on the Internet if it indicates a property owner’s age, including information that the owner is over 65.

H.B. 3532
Author: Herrero
Amends/Enacts: §11.48 Tax Code
Effective: 9-1-15

This bill makes it clear that confidential information, such as a social security number, provided to an appraisal district in an exemption application may be shared with an agent of the district who appraises property or performs appraisal services for the district.

S.B. 1394
Author: Hancock
Amends/Enacts: §§41.413 and 41.45 Tax Code
Effective: 1-1-16

At the beginning of an ARB hearing, the property owner and the appraisal district will exchange copies of any written evidence and also any “material preserved on any portable device designed to maintain an electronic, magnetic, or digital reproduction of a document or image.” If the appraisal district uses audiovisual equipment at a hearing, it must provide equipment of the same general type, kind, and character for use by the property owner or the owner’s agent.

S.B. 1420
Author: Hancock
Amends/Enacts: §25.19 Tax Code
Effective; 1-1-16

If, in a particular year, an appraisal district cancels or reduces an exemption that was allowed in the preceding year, the district will have to send the property owner a notice of appraised value. That notice is in addition to the notice of cancellation required by §11.43(h). Any notice of appraised value will have identify any exemptions allowed for the property for the current year and for the preceding year and include the amount of any exemption that is being cancelled or reduced.

S.B. 1468
Author: Watson
Amends/Enacts: § 6.41 Tax Code
Effective: 9-1-15

This bill should make it easier for a judge who appoints ARB members to receive information about problems concerning those members. The appraisal district may communicate with the judge about grounds for removing an ARB member. A property owner or agent may communicate with the taxpayer liaison officer about grounds for removing a member, and the TLO will report the information to the Judge. The bill also makes it clear that the appraisal
district may communicate with the judge about the number of ARB positions to be filled and may provide reasonable assistance to the judge.

S.B. 1760
Author: Creighton
Amends: §§1.111, 1.14, 5.07, 5.091, 11.135, 11.181, 11.185, 11.201, 11.431, 23.46, 23.55, 23.76, 23.86, 23.96, 23.9807, 26.05, 26.06, 26.08, 26.09, 26.15, 31.12, 33.01, 33.06, 33.065, 42.23, 42.42, 42.43, Tax Code; §140.010 Local Government Code; §49.2361 Water Code
Effective: 1-1-16

A lessee designated by a property owner as the owner's agent, subject to the property owner's approval, designate a person to act as the lessee's agent. The lessee's agent will have the same authority as an agent appointed by a property owner.

A property tax form requiring a signature may be signed by means of an electronically captured handwritten signature. A form is not invalid solely because it is a photocopy, facsimile or electronic copy of the original. This bill is also discussed under the headings: Appraisal Districts Litigation and Arbitration; Assessment; Collections; and Miscellaneous.

Appraisal District Litigation and Arbitration

S.B. 287
Author: West
Amends/Enacts: §42.221 Tax Code
Effective: Immediately

The Code allows the owners of certain types of multi-county properties to appeal the orders of several ARBs in a single lawsuit. After the owner filed its first petition against an appraisal district, the filing fee for each additional petition was just $5. This bill eliminates that $5 filing fee.

S.B. 593
Author: Watson
Amends: Enacts: §42.227 Tax Code
Status: Effective: Immediately

In a Chapter 42 appeal, either the property owner or the appraisal district can request that the other side join in settlement discussions. The written request may be served any time before trial. The parties would then have 120 days in which to conduct those discussions and make good-faith efforts to resolve their differences. (This would apparently require a continuance if the request were made close to the trial date). On the motion of a party, the court may order the parties to engage in settlement discussions. The settlement discussions may be informal or they may involve mediation or another form of alternative dispute resolution. If one party or the other cannot participate within the 120 day period, the deadlines for the parties to designate their expert witnesses could be changed.

S.B. 849
Author: Bettencourt
Amends/Enacts: §§41A.01, 41A.03, 41A.05, 41A.06 Tax Code
Effective: 9-1-15
A property appraised at up to $3 million can be the subject of an appeal through binding arbitration. The deposit required from a property owner will vary with the type and value of the property: $450 for a homestead valued at $500,000 or less; $500 for a homestead valued at more than $500,000 or for a non-homestead property valued at $1 million or less; $800 for a non-homestead property valued at more than $1 million but not more than $2 million; and $1,050 for a non-homestead property valued at more than $2 million. In each instance, the arbitrator’s fee will be the amount of the deposit less $50 for the Comptroller.

S.B. 1760
Author: Creighton
Amends: §§1.111, 1.14, 5.07, 5.091, 11.135, 11.181, 11.185, 11.201, 11.431, 23.46, 23.55, 23.76, 23.86, 23.96, 23.9807, 26.05, 26.06, 26.08, 26.09, 26.15, 31.12, 33.01, 33.06, 33.065, 42.23, 42.42, 42.43, Tax Code; §140.010 Local Government Code; §49.2361 Water Code
Effective: 1-1-16, except the provision concerning testimony by an appraisal district’s employee which becomes effective 1-1-20

A tax refund resulting from a Chapter 42 appeal will bear interest at a rate of 9.5%.

When an appraisal district employee testifies in an appeal about the value of real property, the court may give “preference” to the testimony of an appraisal district’s employee who is a real-estate appraiser licensed or certified by the TALCB. The bill doesn’t say whether the court may prefer the employee’s testimony over the testimony of the property owner’s appraiser or whether the court may only prefer his testimony over that of an a district appraiser who is not licensed or certified by the TALCB. This bill is also discussed under the headings: Appraisal Districts and ARBs; Appraisal District Litigation and arbitration; Assessment, Collections and Miscellaneous.

Assessment

H.B. 1953
Author: Dennis Bonnen
Amends/Enacts: §140.010 Local Government Code
Effective: 1-1-16

Hidden in the Local Government Code is an alternative truth-in-taxation procedure that a city or county may use to provide notice of its proposed tax rate. Current law requires the city or county to publish or mail the notice (and post it on the Internet) by September 1. This bill will change the deadline to the later of September 1 or the 30th day after the city or county receives its certified appraisal roll. If a taxing unit receives appraisal rolls from two or more appraisal districts, the 30 days start to run when the unit has received all of its rolls. The same provision is included in S.B. 1760.

S.B. 1760
Author: Creighton
Amends: §§1.111, 1.14, 5.07, 5.091, 11.135, 11.181, 11.185, 11.201, 11.431, 23.46, 23.55, 23.76, 23.86, 23.96, 23.9807, 26.05, 26.06, 26.08, 26.09, 26.15, 31.12, 33.01, 33.06, 33.065, 42.23, 42.42, 42.43, Tax Code; §140.010 Local Government Code; §49.2361 Water Code
Effective: 1-1-16

A taxing unit’s published notice describing when the governing body will meet to vote on the adoption of a tax rate must describe how the governing body proposes to use the increased tax revenues. If a city or county opts for the alternative truth-in-taxation procedures found in
§140.010 of the Local Government Code, the notice describing its proposed tax rate must describe how the city or county proposes to use its additional tax revenue. That notice must be provided not later than the later of September 1 or the 30th day after the unit receives its certified appraisal roll. If a water district proposes to adopt a rate higher than its rollback rate, its notice of a public hearing must describe the purpose of the proposed tax increase.

In a taxing unit other than a school district, any proposal to adopt a tax rate exceeding the effective rate will not pass unless it receives favorable votes from at least 60% of the members of the unit's governing body. In a school district, at least 60% of the trustees will be required to adopt a tax rate that exceeds the sum of the district's effective M&O tax rate and the district's current debt rate. In the case of a school district's election to ratify its tax rate, the ballot must describe the purpose of the tax increase. This bill is also discussed under the headings; Appraisal Districts and ARBs; Appraisal District Litigation and Mediation; Collections; and Miscellaneous.

Collections

H.B. 1933
Author: Darby
Amends/Enacts: §§31.031, 31.032, 33.011, 33.02 and 33.04 Tax Code
Effective: 9-1-15

People such as over-65 homeowners who can pay their taxes in four installments will have their payment dates determined by reference to the original delinquency date. If the delinquency date is February 1, the second installment must be paid before April 1, the third installment before June 1 and the fourth before August 1. If the delinquency date is not February 1, the second payment will be due the first day of the second month after the delinquency date, the third will be due on the first day of the fourth month after the delinquency date and the fourth will be due on the first day of the sixth month after the delinquency date. If the first payment is late but still made before “the first day of the first month after the delinquency date,” the owner can still pay in installments. In order to have the right to enter an installment payout agreement with a tax collector under §33.02, a homeowner will have to actually be receiving a homestead exemption. Similarly, a property will have to be receiving a homestead exemption in order to avoid the accrual of penalties during the term of the payout agreement. The delinquent-tax notice required by §33.04 will direct a homeowner to contact a taxing unit’s tax collector to inquire about a payout agreement. The bill also makes some non-substantive technical changes.

H.B. 2710
Author: Senfronia Thompson
Amends/Enacts: §33.475 Tax Code
Effective: 9-1-15

In order to be paid, an attorney ad litem representing a defendant in a delinquent-tax suit will have to give the court a report describing the attorney’s actions taken to locate and represent the interests of the defendant. The attorney would be paid only if the court determined that the actions described in the report were sufficient to discharge the attorney’s duties to the defendant.
H.B. 3951  
**Author:** Huberty  
**Amends/Enacts:** §§34.011 and 34.015 Tax Code; §34.0445 Civil Practice and Remedies Code  
**Effective:** 1-1-16

A county commissioners’ court may require someone to register in advance with the tax assessor-collector in order to be eligible to bid at tax foreclosure sales in the county. The TAC may adopt rules to govern registration. Those rules may require a bidder to provide proof of his identity, and, if he is planning to bid on behalf of someone else, to provide proof of his authority to do so. The TAC may also require the bidder to provide annual written statements certifying that he owes no delinquent taxes to any taxing unit in the county. The TAC will issue a written registration statement to a qualified bidder. A person without a statement may not bid at a tax sale. No deed will be issued without an unexpired registration statement. The current §34.051 which addresses persons eligible to buy property at tax sales, will still apply: 1) in a county of 250,000 or more people if the commissioners does not adopt the new rules; and 2) in a smaller county if the commissioners does adopt the new rules.

S.B. 450  
**Author:** Schwertner  
**Amends/Enacts:** §101.064 Civil Practice and Remedies Code  
**Effective:** 9-1-15

The Tort Claims Act currently immunizes a city from liability related to a property that the city acquires at a sale following the foreclosure of the city’s tax lien. This bill makes that rule applicable to any taxing unit. The taxing unit does not have to be a bidder at a tax sale. Immunity applies to a property bid off to a taxing unit in the absence of a sufficient bid and to a property transferred to a taxing unit in lieu of foreclosure under §31.061.

S.B. 1452  
**Amends/Enacts:** §34.01 Tax Code  
**Effective Immediately**

The commissioners of any county may decide to conduct the county’s tax-foreclosure sales using Internet auctions. The commissioners may adopt rules to govern online auctions.

S.B. 1725  
**Author:** Creighton  
**Amends/Enacts:** §34.03 Tax Code  
**Effective:** 9-1-15

If the state is named as a defendant in a delinquent-tax suit and if the tax sale results in excess proceeds, the court clerk will send the Attorney General a notice of the excess proceeds.

S.B. 1760  
**Author:** Creighton  
**Amends:** §§1.111, 1.14, 5.07, 5.091, 11.135, 11.181, 11.185, 11.201, 11.431, 23.46, 23.55, 23.76, 23.86, 23.96, 23.9807, 26.05, 26.06, 26.08, 26.09, 26.15, 31.12, 33.01, 33.06, 33.065, 42.23, 42.42, 42.43, Tax Code; §140.010 Local Government Code; §49.2361 Water Code  
**Effective:** 1-1-16
This bill makes it clear that when a property owner is entitled to a refund because her homestead exemption application is granted after she has paid her taxes, she does not have to apply for the refund. The same is true for a refund that results from a correction to an appraisal roll under §26.15. This bill is also discussed under the headings Appraisal District Litigation and Arbitration, Assessment and Miscellaneous.

School Finance and Value Studies

H.B. 2293
Author: Darby
Amends/Enacts: §403.302 Government Code
Effective: 1-1-16

Currently, the Comptroller’s value study must include information related to the effect of the 1997 increase in the school-tax homestead exemption and its effect on frozen homestead taxes. The value study must include alternate versions dealing with a percentage homestead exemption. This bill eliminates those requirements. The Comptroller will simply have to certify “the final taxable value for each school district, appropriately adjusted to give effect to certain provisions of the Education Code related to school funding, to the commissioner of education as provided by the terms of a memorandum of understanding entered into between the comptroller, the Legislative Budget Board, and the commissioner of education.”

Miscellaneous

H.B. 1261
Author: Susan King
Amends/Enacts: §403.014 Government Code
Effective: 9-1-15

When the Comptroller prepares his biennial report to the legislature on tax exemptions and other tax preferences, if actual data is not available, he will use available statistical data to estimate the effect of an exemption or preference. If the report states that the effect of a particular tax preference cannot be determined, the Comptroller will include a complete explanation of why he reached that conclusion.

H.B. 1311
Author: McClendon
Effective: Immediately

The list of people who can choose to have their home addresses kept confidential in property-tax records is expanded to include: 1) a current or former employee of the Texas Juvenile Justice Department; 2) a current or former juvenile probation or supervision officer; and 3) a current or former employee of a juvenile justice program or facility.

S.B. 46
Author: Zaffirini
A photograph taken by an appraisal district that shows the interior of an improvement will be confidential. On request, the district will have to disclose the photo to the owner of the property as of the date the photo was taken. If relevant, the photo may be used as evidence in an ARB hearing or a trial but will remain confidential for other purposes. The district’s public information officer may verify that a person requesting such a photo under the Public Information Act is authorized to receive it.

A photo showing the interior of an improvement may be used to ascertain the location of oil and gas equipment “if that equipment is located on January 1 in the appraisal district that appraises property for the equipment for the preceding 365 consecutive days.”

S.B. 273
Author: Campbell
Effective: 9-1-15

Under current law, a person licensed to carry a handgun may not bring the gun to any meeting of a governmental entity. Under this bill, guns will be excluded only from an open meeting subject to the Open Meetings Act. This is a potential problem because the Open Meetings Act is not entirely clear as to whether it applies to ARBs, let alone to ARB panels. If a political subdivision erroneously notifies a license holder that guns are prohibited on its premises (either verbally or in a writing such as a posted notice), the political subdivision may face a civil penalty of up to $1,500 for a first violation and $10,500 for a second violation. Any citizen or license holder may file a complaint with the Attorney General if, after being served by the citizen with written notice of the violation the political subdivision fails to correct it. (This language appears to contemplate signs prohibiting firearms, but it is not clear if notice is also required for purely oral admonitions.) If the Attorney General determines that the complaint is valid and that legal action is warranted, he will give the political subdivision notice and fifteen days in which to correct the error. If the error was not corrected, he can sue the local government.

S.B. 1760
Author: Creighton
Amends: §§1.111, 1.14, 5.07, 5.091, 11.135, 11.181, 11.185, 11.201, 11.431, 23.46, 23.55, 23.76, 23.86, 23.96, 23.9807, 26.05, 26.06, 26.08, 26.09, 26.15, 31.12, 33.01, 33.06, 33.065, 42.23, 42.42, 42.43, Tax Code; §140.010 Local Government Code; §49.2361 Water Code
Effective: 1-1-16

Each year the comptroller will prepare a list that includes the preceding year’s total tax rate for each taxing unit in this state, other than school districts. The taxing units will be listed in descending order by tax rate. The Comptroller would post the list on his website. This bill is also discussed under the headings: Appraisal Districts and ARBs; Appraisal District Litigation and Arbitration, Assessment and Collections.