



Property Tax Reform: Summary of Selected Bills Enacted by the 81st Texas Legislature, Regular Session

Comptroller of Public Accounts
Property Tax Assistance Division
August 2009

House Bill 8 (HB 8) by Otto



“...relating to certain studies and reviews of appraisal districts conducted by the Comptroller of Public Accounts.”

Most Significant Reform



The *Texas Taxpayers and Research Association (TTARA)* noted in Legislative hearings that HB 8 is the most significant change to the property tax system since the hallmark reforms made in 1979 in legislation sponsored by Rep. Wayne Peveto.

Property Value Study (PVS)



HB 8 creates the *Comptroller's Property Value Study Advisory Committee* with the following members:

- **House member appointed by Speaker;**
- **Senate member appointed by Lt. Governor;**
- **Two county appraisal district (CAD) members appointed by Comptroller;**
- **Two school district members appointed by Comptroller; and**
- **Three other members appointed by the Comptroller who are Texas residents and school district taxpayers or experts in school district taxation or ratio studies.**

Property Value Study (PVS)



The *Advisory Committee* must consult with the Comptroller concerning the following rules:

- governing the conduct of the PVS; and
- establishing procedures and standards for conducting and scoring reviews of CADs.

The Comptroller's *Technical Advisory Committee* is abolished.

Property Value Study (PVS)



Beginning with the 2010 PVS, the frequency of the PVS will be biennial so that it evaluates one half of school districts every other year.

In the year a school district is not subject to the PVS, the Comptroller will certify to the Texas Education Agency the school district's local value.

Property Value Study (PVS)



The Comptroller will study school districts receiving invalid findings annually until they achieve valid findings.

Governmental entities must promptly comply with the Comptroller's written or oral requests for information for conducting the PVS.

Property Value Study (PVS)



Comptroller must maintain confidentiality of information obtained under a promise of confidentiality.

The definition of an eligible school district is changed to mean a school district with the following:

- **an invalid finding in the current study;**
- **valid findings in the previous two studies;**
and
- **a CAD in compliance with its most recent review.**

Property Value Study (PVS)



Eligible school districts receive local value funding assignments even if those values are invalid in the PVS.

Appraisal Procedures and Operations



Appraisal standards reviews (ASRs) currently done on CADs that have an eligible school district in the PVS are abolished.

The law that authorized a district judge to place a CAD under a conservatorship and appoint a new board of directors is repealed.

Methods and Assistance Program (MAP)



The Comptroller will review CAD appraisal procedures and operations and issue recommendations biennially under the Methods and Assistance Program (MAP).

Methods and Assistance Program (MAP)



Beginning Jan. 1, 2010, MAP will review how CADs perform the following functions:

- **governance;**
- **taxpayer assistance;**
- **operating procedures; and**
- **appraisal standards and methodology.**

Methods and Assistance Program (MAP)



The Comptroller must deliver MAP reports that detail the findings and recommendations for improvement to the following:

- **CAD's chief appraiser and board of directors; and**
- **superintendent and board of trustees of each school district participating in the CAD.**

Texas Department of Licensing and Regulation (TDLR)



If a CAD fails to comply with the recommendations within one year, the Comptroller will notify the Texas Department of Licensing and Regulation (TDLR).

TDLR is required to take action to ensure the Comptroller's recommendations are implemented as soon as practicable.

House Bill 2317 (HB 2317) by Villarreal



“...relating to appraisal review board members.”

Appraisal Review Board (ARB)



CAD board of directors must select the ARB chairman and secretary.

The board of directors is encouraged to select as chairman someone who has a background in law and property appraisal.

Comptroller ARB Training



The Comptroller is required to do the following:

- **approve curricula and provide materials for use in training new ARB members;**
- **supervise a comprehensive course for new ARB members training;**
- **issue certificates to ARB members upon course completion;**
- **make all materials for use in training ARB members available online;**

Comptroller ARB Training



- **maintain a toll-free telephone number that ARB members may call for answers to technical questions relating to their duties, responsibilities and appraisal issues;**
- **provide, as feasible, online technological assistance to improve the operations of ARBs and CADs; and**
- **approve curricula and materials for use in a new continuing education course for all reappointed ARB members.**

New Continuing Education Course for ARB Members



The curricula for the new course must cover:

- **cost, income and market data comparison methods of appraising property;**
- **appraisal of business personal property;**
- **determination of capitalization rates;**
- **Uniform Standards of Professional Appraisal Practice;**
- **duty of the CAD to substantiate its determination of property value;**
- **requirements regarding equal and uniform appraisals;**

New Continuing Education Course for ARB Members



- right of a property owner to protest appraisals;
- duties of the ARB;
- requirements regarding the independence of the ARB from the CAD board and staff;
- prohibitions against *ex parte* communications between ARB and CAD; and

New Continuing Education Course for ARB Members



- **a detailed explanation of the following sections of the Property Tax Code:**
 1. **41.41 (a): issues that a property owner may protest, including the following:**
 - a. **determination of the appraised value or, in the case of agricultural land, appraised or market value;**
 - b. **unequal appraisal;**
 - c. **inclusion of property on the appraisal records;**
 - d. **denial to whole or in part of a partial exemption;**
 - e. **determination that the land does not qualify for agricultural use;**
 - f. **identification of the taxing units in which the property is taxable in the case of the appraisal district's appraisal roll;**

New Continuing Education Course for ARB Members



As soon as practicable after the beginning of the second year of an ARB member's term, he or she must successfully complete the continuing education course.

A person who fails to timely complete the course may not be reappointed to the ARB.

New Continuing Education Course for ARB Members



If the person is reappointed to an additional term, he or she must complete the course in each year he or she continues to serve.

The Comptroller may charge \$50 per trainee for the continuing education course; new member training will remain at \$10.

New Continuing Education Course for ARB Members



An ad hoc committee has been formed to assist with development of the continuing education course.

Training will be provided by video cast and in person around the state in two-day sessions in March and April of each year:

- **first day will be for new ARB members; and**
- **second day will cover the advanced ARB curriculum for reappointed ARB members.**

House Bill 2447 (HB 2447) by Flynn



“...relating to the abolition of the Board of Tax Professional Examiners and the transfer of its functions to the Texas Department of Licensing and Regulation.”

Abolition of Board of Tax Professional Examiners



Abolishes the Board of Tax Professional Examiners (BPTTE) and transfers its obligations, property, staff, rights, powers and duties to Texas Department of Licensing and Regulation (TDLR), effective in 2010.

Memorandum with Comptroller



The Comptroller must enter into a memorandum of understanding with TDLR to:

- **provide information on the education needs and opportunities for tax professionals;**
- **approve required educational courses, examinations and continuing education programs for registrants;**
- **provide a copy of MAP reports and, if requested by TDLR, the work papers collected in connection with the report; and**
- **provide information and assistance regarding administrative proceedings.**

Memorandum with Comptroller



The Comptroller may contract or enter into a memorandum of understanding to sponsor courses of instruction and training with:

- **other public agencies;**
- **educational institutions; or**
- **private organizations.**

Property Tax Professionals



Nonrefundable processing and registration fees are required, and the \$50 cost limit for processing is repealed.

Registration is valid for one year and renewed annually; the \$75 limit on registration fees is repealed.

Registrations may expire on various dates during the year as determined by TDLR rule.

Continuing Education



The Comptroller must review and approve all continuing education programs for registrants.

Registrants must participate in programs required by TDLR.

TDLR and the Comptroller may set fees for continuing education courses in amounts reasonable and necessary to cover the costs.

Continuing Education



TDLR rules will require a registrant to pass one or more examinations to be certified.

TDLR may accept, develop or contract for required examinations.

The Comptroller must approve the content of examinations.

Disciplinary Actions by TDLR



TDLR may deny an application for registration or take other disciplinary action against a person who violates applicable laws or commission rules.

TDLR, by rule, must adopt written guidelines to ensure that denials of registration and other disciplinary actions are administered consistently.

Disciplinary Actions by TDLR



Before imposing an administrative penalty, TDLR must consider evidence that the registrant:

- **attempted in good faith to implement or execute a law, policy, rule, order budgetary restriction or other regulation provided by the laws of this state, the Comptroller or the governing body or the chief administrator of the CAD or taxing jurisdiction that employs the registrant;**
- **acted on the advice of counsel or the Comptroller; or**

Disciplinary Actions by TDLR



- **had discretion over the matter on which the complaint is based, if the complaint is based solely on grounds that the registrant decided incorrectly or failed to exercise discretion in favor of the complainant.**

TDLR may notify the local governmental entity that employs a registrant of a complaint against the registrant by sending a copy of the complaint letter to the local governmental entity.

Senate Bill 771 (SB 771) by Williams



“...relating to the determination of the value of property for ad valorem tax purposes, including appeals through binding arbitration of appraisal review board orders determining protests of property value determinations; providing penalties.”

Binding Arbitration



Arbitration expanded to include all residence homesteads, including those appraised at more than \$1 million, as well as personal property valued at \$1 million or less.

Expedited arbitration is authorized provided not more than one hour of argument and testimony by each side involved in the proceeding.

Binding Arbitration



The arbitration deposit is reduced from \$500 to \$250, if the arbitration is expedited.

To qualify as an arbitrator an individual must:

- **be licensed as an attorney in Texas;**
- **have completed at least 30 hours of training in arbitration and alternative dispute resolution procedures from a university, college or legal or real estate trade association;**

Binding Arbitration



- **be licensed or certified continuously during the preceding five years to serve as an arbitrator, as a real estate broker or salesperson, as a certified real estate appraiser or certified public accountant; and**
- **agree to conduct an arbitration for a fee that is not more than 90 percent of the amount of the arbitration deposit.**

A qualified arbitrator is listed in the arbitration registry for a two-year period.

Binding Arbitration



To continue the registry listing, the arbitrator must renew the agreement with the Comptroller on or as near as possible to the date on which his or her professional license or certification was issued.

Binding Arbitration



To renew an agreement to serve as an arbitrator, he or she must:

- **file a renewal application with the Comptroller at the time and in the manner prescribed by the Comptroller;**
- **continue to meet the requirements of an arbitrator provided in the Property Tax Code; and**
- **during the preceding two years have completed at least eight hours of continuing education in arbitration and alternative dispute resolution.**

Binding Arbitration



The Comptroller must remove a person from the registry if he or she fails or declines to renew the agreement to serve as an arbitrator.

Certified public accountants may also represent a party in an arbitration proceeding.

House Bill 3613 (HB 3613) by Otto



“...relating to the determination of the market value of a residence homestead for ad valorem tax purposes on the basis of the property’s value as a residence homestead and to an exemption from ad valorem taxation of the residence homesteads of certain totally disabled veterans and to the amount of the exemption from ad valorem taxation to which a disabled veteran is entitled based on disability rating.”

Disabled Veterans Exemption



Effective for Tax Year 2009, Property Tax Code Section 11.131 provides an exemption of the total appraised value of the residence homesteads to Texas veterans meeting the following criteria:

- **receive 100 percent disability compensation from the U.S. Department of Veterans Affairs (VA) due to a service-connected disability; and**
- **either have a 100 percent disability rating or a determination of unemployability by the VA.**

Disabled Veterans Exemption



Eligible disabled veterans must apply for the exemption with their CAD.

Disabled veterans do not have to apply for the homestead exemptions annually.

Disabled Veterans Exemption



For answers to frequently asked questions (FAQs) and required application forms, please visit the Comptroller's Web site at www.window.state.tx.us/taxinfo/proptax.

House Joint Resolution 36 (HJR 36) by Otto



proposing a constitutional amendment authorizing the legislature to provide ... for the administration and enforcement of uniform standards and procedures for appraisal of property for ad valorem tax purposes.

Uniform Appraisal Standards and Procedures



The proposed Constitutional amendment would revise Article VIII, Section 23(b) as follows:

“Administrative and judicial enforcement of uniform standards and procedures for appraisal of property for ad valorem tax proposes shall be prescribed by general law.”

Repealed is the requirement that this enforcement originate in the county where the tax is imposed.

Uniform Appraisal Standards and Procedures



What does this mean?

**The 82nd Legislature will
consider new tools to enforce
uniformity.**

For More Information



If you need additional information, contact the
Property Tax Assistance Division

at

(800) 252-2191

or see its Web site

At

www.window.state.tx.us/taxinfo/proptax.

You may also contact
Deborah Cartwright, Director,
Property Tax Assistance Division

at

512-936-4251.