

PROPERTY TAX BILLS IN THE 2023 TEXAS LEGISLATURE 88th REGULAR SESSION

Last Updated: November 20, 2023

The legislature's regular session ended on May 29, 2023. The bills that were passed were sent to Governor Abbott. He vetoed a surprising number of them, not because he disagreed with the particular bills but because he was upset about the legislature's failure to pass a bill reducing school taxes.

Below are summaries of bills most likely to be of interest to ARB members,

Of course, we will be happy to assist our clients who have questions about legislation.

Bills That Were Passed

Exemptions

H.B. 456

Author: Craddick

Amends/Enacts: §11.18 Tax Code

Status: Passed by both houses; signed by governor

Effective: January 1, 2024

Some charitable organizations will receive exemptions for mineral interests that they own, including royalty interests. In order to qualify, an organization must perform one or more of eight charitable functions from the larger list of functions in §11.18(d). The exemption applies to a royalty interest that is not severed from the surface and that was donated to the charitable organization.

H.B. 4077

Author: Noble

Amends/Enacts: §11.43 Tax Code

Status: Passed by both houses; signed by governor

Effective: January 1, 2024

Under current law, when a property owner who is already receiving a homestead exemption turns 65, the appraisal district should allow the over-65 homestead exemption without the need for a new application. That's if the owner has notified the district of his/her birth date or if the district has learned the owner's birth date from the DPS. It does not appear that this bill will change that rule, but it will make the statutory language more confusing.

H.B. 4645

Author: Flores

Amends/Enacts: §11.1825 Tax Code

Status: Passed by both houses; signed by governor
Effective: January 1, 2024

An organization that leases land under a ground lease and then builds or rehabilitates low-income housing will be considered the owner of the land for purposes of the §11.1825 low-income-housing exemption.

S.B. 719
Author: Paxton
Amends/Enacts: §11.18 Tax Code
Status: Pending in Senate
Status: Passed by both houses; signed by governor
Effective: January 1, 2024

The general charitable exemption will expand to include an organization that provides “services related to planning for the placement of or placing children in foster or adoptive homes or providing support or relief to women who are or may be pregnant and who are considering placing their unborn children for adoption.” The bill will also change some references to “handicapped” people and refer to them instead as people “with disabilities.”

S.B. 1145
Author: West
Amends/Enacts: §§11.36 and 11.43 Tax Code
Status: Passed by both houses; signed by governor
Effective: January 1, 2024

S.J.R. 64
Author: West
Amends/Enacts: Art. VIII, §1-r Texas Constitution
Status: Passed by both houses; approved by voters
Effective: January 1, 2024

This proposed constitutional amendment and related bill will allow a county or city to exempt some or all of the value of child-care facilities. The exemption adopted by a county or city will have to specify the percentage of the exemption which must be at least 50%. Even property leased to a child-care facility will be exempt. The lessor will have to pass the tax savings along to the child-care facility and provide the appraisal district with an affidavit verifying that the tax savings were passed on to the facility.

S.B. 1381
Author: Eckhardt
Amends/Enacts: §11.43 Tax Code
Status: Passed by both houses; signed by Governor
Effective: January 1, 2024

If a homeowner receives a local-option homestead exemption for owners over 65 and dies leaving a surviving spouse, the spouse will inherit the exemption without having to file a new exemption application. An application form for a homestead exemption will include a space for the date of birth of the applicant's spouse.

S.B. 1439

Author: Springer

Amends/Enacts: §§11.145, 22.01, and 22.24 Tax Code

Status: Passed by both houses; *VETOED BY GOVERNOR*

Effective: January 1, 2024

If two or more related businesses involved in a “unified business enterprise” own bpp at the same address, their bpp will be combined for purposes of the \$2,500 exemption for small amounts of bpp. For example, if three related businesses each have \$2,000 of bpp at the same address, their \$6,000 of bpp will not qualify for the exemption. This bill is also discussed under the heading, *Appraisals*.

S.B. 1801

Author: Springer

Amends/Enacts: §11.43 Tax Code

Status: Passed by both houses; not vetoed by Governor

Effective: September 1, 2023

An appraisal district will have to review each homestead exemption at least once every five years to confirm that the property still qualifies for the exemption.

S.B. 2289

Author: Huffman

Amends/Enacts: §§11.36, 11.42, and 11.43 Tax Code

Status: Passed by both houses; signed by Governor

Effective: January 1, 2024

S.J.R. 87

Author: Huffman

Amends/Enacts: Art. VIII, §1-x Texas Constitution

Status: Passed by both houses; approved by voters

Effective: January 1, 2024

This proposed constitutional amendment and related bill will exempt bpp: a) stored, used, or consumed in the manufacturing or processing of medical or biomedical products by a medical or biomedical manufacturer; or b) intended for use in the diagnosis, cure, treatment, or prevention of a condition or disease or in medical or biomedical research. Exempt property will include devices, therapeutics, pharmaceuticals, personal protective equipment, tools, apparatuses, instruments, and inventories. The property must be in a medical or biomedical manufacturing facility owned or leased by the same company that owns the property.

Appraisals

H.B. 260

Author: Murr

Amends/Enacts: §23.51 Tax Code

Status: Passed by both houses; signed by Governor

Effective: January 1, 2024

In calculating net to land of 1-d-1 land located in or adjacent to a wildlife or livestock disease or pest area, an appraisal district must take into consideration the effect of the disease or pest or the designation of the area.

H.B. 2121

Author: Paul

Amends/Enacts: §22.24 Tax Code

Status: Passed by both houses; signed by governor

Effective: January 1, 2024

A rendition will not have to be sworn or notarized if it is filed on behalf of a property owner whose good faith estimate of the market value of his/her bpp is not more than \$150,000.

H.B. 2354

Author: Hefner

Amends/Enacts: §23.54 Tax Code

Status: Passed by both houses; signed by governor

Effective: January 1, 2024

If the owner of 1-d-1 land dies and the land is transferred to that owner's surviving spouse, the new owner will not need to file an application in order to continue the 1-d-1 appraisal.

S.B. 1191

Author: Zaffirini

Amends/Enacts: §23.541 Tax Code

Status: Passed by both houses; signed by governor

Effective: May 23, 2023

If the owner of 1-d-1 land dies, the new owner would have an extended deadline for filing a new 1-d-1 application for the following year. A surviving spouse or child of the decedent, an executor of the decedent's estate, or a fiduciary acting for a surviving spouse or child may file the application any time before the taxes became delinquent for the year in question. The late application will not trigger any penalty.

S.B. 1439

Author: Springer

Amends/Enacts: §§11.145, 22.01, and 22.24 Tax Code

Status: Passed by both houses; *VETOED BY GOVERNOR*

If two or more related businesses involved in a "unified business enterprise" own bpp at the same address, their renditions would have to reflect that fact. Each business's rendition must identify the bpp of its related businesses. This bill is also discussed under the heading, *Exemptions*.

Appraisal Districts and ARBs

H.B. 796

Author: Button

Amends/Enacts: §41.13 Tax Code

Status: Passed by both houses; signed by governor
Effective: January 1, 2024

An appraisal district will have to establish an online database containing information on every hearing conducted by the ARB. The entry for each hearing will have to include: the name of each ARB member participating; the date and time of the hearing; the account number, value, and category of the property; and the ARB's determination. The database will have to be updated by October 1 of each year. Data for each year will be added until the database includes the data for five years. From that point forward, the database will include data for the five most recent years.

H.B. 1228

Author: Metcalf

Amends/Enacts: §§1.07, 1.085, 25.192, 25.193, 25.195, 41.461, 41.47, Tax Code

Status: Passed by both houses; signed by governor

Effective: January 1, 2024 (In a county with fewer than 120,000 people, a tax official will have until January 1, 2025 to comply)

Current law contemplates the electronic exchange of notices and information between appraisal districts and property owners if both parties enter agree to the electronic exchange. Under this bill, a property owner can *require* a "tax official" to send and receive notices and communications electronically. In order to invoke this right, a property owner must file a form that will come from the comptroller. "Tax official" includes an appraisal district, an ARB, and a tax office. A tax official must establish a procedure specifying the manner in which electronic communications will be exchanged and confirmed. The information must be posted on a tax official's website. An appraisal district will include the information in its notices of appraised value. A tax official must acknowledge the receipt of an electronic communication.

Current law gives a property owner or owner's agent the right to *inspect* the appraisal records concerning the owner's property and the supporting information in the hands of the appraisal district. This bill will require the district to deliver the information electronically or by mail at the request of the owner or agent. The district may not charge for copying or delivery. The same rule will apply to information in the hands of a private appraisal firm working for the appraisal district.

H.B. 1285

Author: Shine

Amends/Enacts: §§5.06, 6.052, and 41.66 Tax Code

Status: Passed by both houses; signed by governor

Effective: January 1, 2024

A property owner can file a complaint with a TLO about something other than the appraisal of property. In response, the TLO can: help the property owner find information; informally mediate a disagreement between the owner and the appraisal district and/or the ARB; treat the matter as a formal complaint; assist the owner with filing request for limited binding arbitration; or make recommendations to the district or the ARB. A TLO must notify the property owner about the resolution of a complaint within 90 days after the complaint is filed.

A TLO will also be responsible for publicizing the need for ARB members. The board may also appoint deputy TLOs. The district's board of directors will evaluate the TLO and any deputies annually.

The bill states that the TLO “is the appraisal district officer primarily responsible for providing assistance to taxpayers for the district.” A TLO will be responsible for providing public information to help property owners understand the complaint process and limited binding arbitration along with other matters.

The comptroller will create a training program for TLOs and their deputies. A TLO or deputy must complete the comptroller’s training course (and the ARB training course) within one year of taking office and do it again every two years. The comptroller’s pamphlet for property owners will describe the functions of a TLO and provide advice about preparing and presenting a protest. That information will also have to be posted on the appraisal district’s website.

Current law allows the directors to remove an ARB chair if the ARB does not correct procedural errors. Under this bill, the directors will refer the matter to the local administrative district judge, who can remove the ARB chair.

Unfortunately, the bill provides no guidance to appraisal districts that do not have TLOs.

H.B. 3207

Author: Murr

Amends/Enacts: §6.12 Tax Code

Status: Passed by both houses; signed by governor

Effective: September 1, 2023

The members of an appraisal district’s agricultural advisory board will no longer have to be residents of the district. They will only have to be owners of land qualifying for special appraisal.

H.B. 3273

Author: Thierry

Amends/Enacts: §§25.19, 26.04, 26.05, 26.17, and 41.46 Tax Code

Status: Passed by both houses; signed by governor

Effective: January 1, 2024

An appraisal district will post a notice on its Internet website telling property owners that estimated tax amounts can be found in the district’s property tax database. Every taxing unit served by the appraisal district will post a similar notice on its own website. The posted notices will also refer property owners to the state’s [Texas.gov/PropertyTaxes](https://www.texas.gov/PropertyTaxes) website. That part will be in bold type. The notices will describe how a property owner can register on the appraisal district’s website to have notifications regarding updates to the property tax database delivered to the owner by e-mail. The district must publish the notice in a newspaper by August 7 every year. The notice will also be included as part of an ARB hearing notice sent to a protesting property owner. Beginning in 2024, appraisal districts will no longer send post-card notices. Information about the [Texas.gov/PropertyTaxes](https://www.texas.gov/PropertyTaxes) website will no longer have to be included with a notice of appraised value.

H.B. 4123

Author: Guillen

Amends/Enacts: §§411.1296, Government Code

Status: Passed by both houses; signed by governor

Effective: June 13, 2013

This lengthy bill deals with the availability of criminal history records. When checking on an applicant for employment or an applicant for a seat on the ARB, an appraisal district can access information from the FBI, or any state criminal justice agency. The district can share information about ARB applicants with the Local Administrative District Judge, but otherwise the district must keep criminal history information confidential. After the information has been used for its authorized purpose, the district must destroy it.

S.B. 348

Author: Springer

Amends/Enacts: §25.027 Tax Code

Status: Passed by both houses; *VETOED BY GOVERNOR*

Effective: Immediately when signed by governor

Current law prohibits an appraisal district from posting on the Internet a photograph or floor plan of a residential improvement. This bill will make it clear that a district *can* post: 1) an aerial photograph depicting more than one separately owned building; 2) a street level photograph showing only the exterior of a building; or 3) a field record or overhead sketch depicting only a building's outline, general landscape features, dimensions of buildings, or distances between buildings.

S.B. 361

Author: Eckhardt

Amends/Enacts: §6.412 Tax Code

Status: Passed by both houses; *VETOED BY GOVERNOR*

Effective: September 1, 2023

A public-school teacher may serve on an ARB. This will be an exception to the current law that prohibits all employees of taxing units from serving on ARBs.

Appeals

H.B. 2488

Author: Geren

Amends/Enacts: §42.23 Tax Code

Status: Passed by both houses; signed by governor

Effective: September 1, 2023 (applies to appeals filed after that date)

Under two circumstances, an appraisal district will bear the burden of proving the value of a property in court. (They are both circumstances that give the district a heightened burden of proof in a protest before the ARB.) One circumstance involves a value that is lowered in one year as the result of a judicial appeal and then replaced with a higher value in the next year. The other involves a value that is lowered in one year as the result of a judicial appeal and a property owner who provides his/her evidence to the district fourteen days in advance of the next year's ARB hearing. The new law will apply only if the first year's value is set by a court following a trial on the merits. When this law applies, the district will have to support its value in court with clear and convincing evidence.

H.B. 4101

Author: Shine

Amends/Enacts: §41A.015 Tax Code

Status: Passed by both houses; signed by governor

Effective: January 1, 2024 (applies where notice of protest is filed after effective date)

This bill will substantially expand limited binding arbitration. An arbitrator can address any failure by the ARB to comply with the ARB's hearing procedures.

S.B. 2355

Author: Bettencourt

Amends/Enacts: §§41A.03, 41A.04, 41A.05, 41A.08, and 41A.11 Tax Code

Status: Passed by both houses; signed by governor

Effective: January 1, 2024

A property owner seeking to appeal an ARB order through binding arbitration will file his/her request with the comptroller directly, not the appraisal district. The property owner may file the request and pay the deposit electronically. The appraisal district will receive a notice of the owner's request for binding arbitration. Upon receipt of that notice, the district will have ten days to provide to the comptroller any information reasonably necessary for the comptroller to process the request and appoint an arbitrator. An authorization for an agent to represent a property owner in a binding arbitration may not be signed by the agent authorized to represent the owner before the district and ARB. The authorization will be effective when signed. The agent will not automatically file the signed form, but he/she will have to produce it if requested by the district, the ARB, the owner, the comptroller, or the arbitrator. A property owner may assign to an agent the right to receive the refund of an arbitration deposit. The bill also makes it clear that an agreement settling a binding arbitration is final and binding on the parties.

Miscellaneous

H.B. 5

Author: Hunter

Amends/Enacts: §§23.03, 26.012, and 312.0025 Tax Code; §§48.2551 and 48.256 Education Code; Chapter 403, Subchapter T and §2303.507 Government Code

Status: Passed by both houses; signed by governor

Effective: September 1, 2023

This bill creates the "Texas Jobs, Energy, Technology, and Innovation Act." It will allow a school district to provide tax breaks to encourage economic developments. The district may agree to limit the taxable value of a property for purposes of the district's m&o taxes. A property owner seeking the benefit will first file an application and an "economic benefit statement" with the comptroller. The comptroller will send copies to the school district and to the governor. The school board will have only 30 days to hold a public hearing and decide whether it is willing to enter the proposed agreement with the property owner. The governor must also decide within 30 days whether to agree to the proposal. The comptroller will decide whether to recommend the tax break to the school district.

The parties to an agreement will be the property owner, the school district, and the governor. The agreement will include a construction period during which the taxable value of the property will be zero. It will also include an incentive period of ten years during which the taxable value will be

50% of market value (25% of market value if the property is in a qualified opportunity zone). The agreement will incorporate minimum requirements for jobs and investment in the project.

H.B. 1911

Author: Mary Burrows

Amends/Enacts: §25.025 Tax Code

Status: passed by both houses; signed by governor

Effective: June 9, 2023

The list of people who can have their home addresses kept confidential by appraisal districts and taxing units will be expanded to include a current or former employee or contract staff member of a university health care provider at a corrections facility operated by the Texas Department of Criminal Justice or the Texas Juvenile Justice Department. The list will also include a current or former attorney for the Department of Family and Protective Services.

S.B. 617

Author: Blanco

Amends/Enacts: §25.025 Tax Code

Status: Passed by both houses; signed by governor

Effective: May 19, 2023

The list of people who can have their home addresses kept confidential by appraisal districts and taxing units will be expanded to include a customs and border protection officer or border patrol agent. The bill also covers the spouse, surviving spouse, or adult child of such an officer or agent.

S.B. 1525

Author: Miles

Amends/Enacts: §25.025 Tax Code

Status: Passed by both houses; signed by governor

Effective: June 18, 2023

The list of people who can have their home addresses kept confidential by appraisal districts and taxing units will expand to include a current or former attorney for the Department of Family and Protective Services.