



# PUBLIC RELATIONS PLAN AND ANNUAL REPORT

This report is to communicate to the public the availability and methods used to appraise property by Zapata County Appraisal District

**Amada Gonzalez**  
Chief Appraiser

## INTRODUCTION

Zapata County Appraisal District (ZCAD) understands the benefit of good public relations. The board of directors and staff work diligently to promote effective communications between the public and ZCAD.

The Zapata County Appraisal District Public Relations Manual provides current and useful information on ZCAD and serves as a means of responding to public opinion. The manual contains an overview of the district's appraisal practices.

The Chief Appraiser and board of directors encourage public comment and input, Good and bad, and strive to provide effective communications and transparency in the appraisal process. The chief appraiser serves as the district's primary public relations officer and works closely with local taxing entities, government officials, realtor, lending institutions and local media to promote an environment of open communication and public information. ZCAD welcomes the opportunity to speak to taxpayers, whether at the district office located in Zapata, Texas or via speaking engagements to local groups and organizations. ZCAD strongly believes a well-informed public is essential to the district's effective operation.

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# Annual Report

The purpose of this summary report is to aid the taxpaying public in better understanding the methods and techniques utilized by the Zapata County Appraisal District in the valuation and revaluation of property in Zapata County. This report attempts to comply with Standard 6 of the Uniform Standards of Professional Appraisal Practice, effective January 1, 2013. Zapata County Appraisal District maintains more detailed operations manual for appraisal use.

Zapata County Appraisal District was formed by the Texas Legislature in 1979 and is charged with the appraisal of all taxable property within the taxing entities within the District's boundaries. Currently these taxing entities are as follows:

1. Zapata County
2. Zapata I.S.D
3. Zapata Water Control I. D.
4. Siesta Shores Water Control I.D.

There are no school districts that overlap into Zapata County Appraisal District. Current state law requires that overlapping jurisdictions to match values in the overlapping areas, none are necessary.

The Chief Appraiser is the chief administrative and executive officer of the appraisal district. The Chief Appraiser employs and directs the district's staff, oversees all aspects of the appraisal districts operations and performs either directly or through the district staff a variety of operations.

The Chief Appraiser's responsibilities are as follows:

1. Discover, list and appraise.
2. Determine exemption and special use requests
3. Organize periodic reappraisals
4. Notify taxpayers, taxing units and the public about matters that affect property values.

Zapata County Appraisal District is an office consisting of the Chief Appraiser, three (3) appraisers, and 2 clerks. The appraiser has the responsibility to value the properties assigned and performs most fieldwork on the appraisal of real property and commercial personal property.

The Appraisal District employs the services of Wardlaw Appraisal Group, an appraisal firm to appraise all minerals, industrial plants, pipelines, industrial personal property and utilities within the boundaries of the appraisal district. The District uses the services of Trueautomation for its data processing of all appraisal records.

The 2014 tax roll for Zapata County indicates a total of 52,002 parcels. The breakdown of some of these parcels is as follows:

1. Residential	5362
2. Multifamily residence	52
3. Mobile Homes	98
4. Vacant lots & acres	5196
5. Commercial & Industrial	657
6. Mineral	38380
7. Utilities	173
8. Personal Property	875

The following is information on new value, new exemptions, exemption value loss, average homestead value and number of exemptions.

New Taxable Value	5,675,009
Absolute Exemptions Value loss	2,731,329
Disabled Veterans Exemptions	5217614
Average Homestead Value	70,428
Number of homestead property	3,364
Number of Ov-65	939
Number of Disability	255
Number of DV	80

### **VALUATION APPROACH MARKET VALUE**

The definition of market value as established by the Texas property Tax Code differs from the definition established by USPSP; therefore a JURISDICTIONAL EXCEPTION applies.

The following definition of market value, Sec. 1.04 of the Texas Property Tax Code, is the price at which a property would transfer for cash or its equivalent under prevailing market conditions if:

1. Exposed for sale in the open market with reasonable time for the seller to find a purchaser.
2. Both the seller and the purchaser know all the uses and purposed to which the property is adapted and for which it is capable of being used and of the enforceable restriction on its uses.
3. Both the seller and purchaser seek to maximize their gains and neither is in a position to take advantage of the exigencies of the other.

The effective date of appraisals in January 1 with the exception of inventory, which may be appraised at its market value as of September 1. To receive the September 1 appraisal date, a taxpayer must file an application by July 31.

The purpose of an intended use of the appraisal performed by the Zapata County Appraisal District is to estimate market value for ad valorem tax purposed for the taxing entities located within the boundaries of the Zapata County Appraisal District. It is the goal of the Zapata County Appraisal District staff to provide the best possible service to the paying public and the taxing entities. The Zapata County Appraisal District staff promotes and adheres to the professional standards and ethics as set forth by the Texas Association of Appraisal Districts and the Texas Association of Assessing officers.

### **AREA ANALYSIS**

The universe of properties appraised by the Zapata County Appraisal District falls within the physical boundaries of Zapata County and does not extend into any other school district. Zapata County is located in south Texas and is bordered to the south by Starr County, to the east by Jim Hogg County, to the north Webb County and to the west the Rio Grande River.

Zapata County is a rural county with several communities. The Rio Grande River traverses through the west boundary line of the county. Most of the communities surround the county seat that is Zapata.

Minerals contribute the largest portion of economic wealth to the county; today most of the economic wealth is still derived from the production of minerals. Agriculture is a contributing factor to the livelihood of residents in the county but is not a primary source of the livelihood. The majority of the land in the county is rural with cattle production and farming.

With the decrease of oil and gas values, the number of oil and gas based businesses have decreased. Various companies in the area still provide some work and wage base for the

county. Most of the county's wage base is still in the oil related field, local business or government employment.

The closest city of any size from Zapata County is Rio Grande City in Starr County located 54 miles south of Zapata. Laredo located 54 miles north and McAllen located 93 miles south of Zapata are the closest urban areas.

### **OVERVIEW OF TYPE OF PROPERTIES APPRAISED**

There are four major categories of property appraised by the Zapata County Appraisal District. These categories are:

1. Real Properties: Residential, Multi-Family, Commercial, Vacant lots, Farm/Ranch Land and Farm/Ranch Improvements.
2. Personal Properties: Business personal properties and industrial personal properties.
3. Utilities: Telephone companies, television cable, gas companies etc.
4. Minerals: Oil and gas production.

The Property Tax Division of the state comptroller's office requires properties to be identified by type by using a standard identification code. The codes currently used by the Zapata county Appraisal are as follows:

<u>Code</u>	<u>Type of Property</u>
1. A1	Residential (land with improvements)
2. A2	Residential( land with mobile home)
3. B1	Real Property: Multi-Family Residence
4. C1	Real Property: Vacant Land (lots) and tracts
5. C2	Real Property: Colonia lots and tracts
6. C1C	Real Property: Vacant Land (commercial)
7. D1	Real Property: Qualified Open-space Land
8. D2	Real Property: Farm & Ranch improvements on qualified Open-space land
9. E	Real Property: Rural Land, not qualified for Open-space Appraisal, and residential Improvements
10. F1	Real Property: Commercial Building and land
11. F2	Real Property: Industrial Commercial Building
12. G1	Real Property: Oil, Gas and Mineral Reserves and other Subsurface Interest

- 13. H1 Tangible Personal Property: Personal Vehicles, Not used for Business purposes
- 14. H2 Tangible Personal Property: Goods in Transit
- 15. J Real and Personal Property: Utilities
- 16. L1 Personal Property: Commercial
- 17. L2 Personal Property: Industrial and Manufacturing
- 18. M Mobile Homes and other tangible personal property
- 19. N Intangible Personal Property
- 20. O Real Property: Residential Inventory
- 21. S Special Inventory
- 22. X Exempt Property

### **HIGHEST AND BEST USE ANALYSIS**

The highest and best use of real estate is defined as the most reasonable and profitable use of the land that will generate the highest return to the property owner over a period of time. This use must be legal, physically possible, economically feasible and most profitable of the potential uses. An appraiser's identification of property's highest and best use is always a statement of opinion, never a statement of fact.

In order to complete the highest and best use as if the land were vacant. This estimate ignores the value of improvements and the restrictions created by them. It is the highest value the land could have if it were available for any legal, physically possible and economically feasible kind of development.

In determining highest and best use, preliminary judgments are made in the field by appraisers.

The Zapata County Appraisal District property cards contain information regarding lot size and frontage therefore appraisers normally make judgments on physically possible uses of sites in the field. Economically feasible and most profitable uses are determined by observing surrounding property. However, changes in property use require a more detailed and technical highest and best use analysis. These studies are usually performed in the office.

### **MARKET ANALYSIS**

Economic trends, national, and local trends affect the universe of property appraised in Zapata County. An awareness of social, economic, governmental and environmental conditions is

essential in understanding, analyzing and identifying local trends that affect the real estate market.

Market analysis is performed throughout the year. Both general and specific data is collected and analyzed.

Examples of sources of general data include "Trends" issued by The Real Estate Center at Texas A&M University, "The Statement" published by the State Comptroller's Office, and "The Appraiser" published by the Texas Association of Appraisal District. When possible local sources such as lending institutions and the Chamber of Commerce are used to obtain financing information, demographics and labor statistics.

Sales information is received from various sources. Asking prices are gathered from the local paper and realtor listing. Information is also gathered from conversations with local real estate appraisers, agents and brokers.

The Zapata County Appraisal District office receives copies of all recorded instruments from the Zapata County Clerk's Office on a monthly basis and tracts all deed transactions, deed of trust and other pertinent information. From this information, sales letters are mailed to the seller and purchaser to obtain information on the sales. This information is not mandatory in the State of Texas and only a very small percentage of letters are returned with useful information. This is a serious problem in that there is usually inadequate sales data to perform a thorough analysis of sales data, as USPAP would require. However, every effort is made to use what data is available. The Comptroller's Property Tax Division also sends out sales letters and that data is made available to the Zapata County Appraisal District at least once a year. The Zapata County Appraisal District currently does revaluation on a three-year rotation by property classification. Property class G, J, and L are re-appraised every year due to the constant change of these properties.

The revaluation includes the inspection of properties and the updating of all information on the properties. Sales and market analysis are performed each year on residential properties, as information is available. Each year new properties are inspected, measured and added to the roll. Individual properties are also reappraised with changes to the condition as the property warrants; for example, fire, remodeling, or an addition or demolition of a portion of the improvements. Appraisers will perform detailed field inspections of properties if requested by the owner.

The appraisers performing revaluation in the field have property record cards that contain specific information regarding the property being appraised. These cards contain brief legal descriptions, ownership interest, property use codes, property addresses, land size, sketches, pictures of improvements as well as any available detailed information of the improvements.

Revaluation field inspections require the appraisers to check all information on the property records cards and to update if necessary. If physical inspection of the property indicates changes to improvements, the appraiser notes these changes in the field. Examples of types of changes may be condition or effective age of the improvements as well as additions to the improvements. The classification of residential properties is also well reviewed during the revaluation process. New improvements are also added at this time.

## **DATA COLLECTION/ VALIDATION**

### **DATA COLLECTION AND SOURCES**

The Zapata County Appraisal District's cost and valuation schedules include land and residential improvements. Commercial schedules come from Marshall and Swift Valuation Service and personal property schedule come from the Comptroller's Property Tax Division appraisal manual or Marshall and Swift. Personal property renditions provided by property owners are also used in the valuation of business personal and personal property. Marshall and Swift Valuation Service is a national based cost manual and is generally accepted throughout the nation by the real estate industry. The cost manual is based on cost per square foot and also the unit in place method. The unit in place involved the estimated cost by using actual building components. This national based cost information service provides the base price of buildings as per classification with modification for equipment and additional items. The schedule is modified for time and location.

Renditions are confidential sources and cannot be used for specific information. However, data from renditions may be compared with data from cost manuals and used to test for their accuracy.

The Zapata County Appraisal District's schedules are then formulated from a combination of each of these sources. Schedules may also be modified by use of local market data (sales information) to further insure the accuracy of the cost and value schedules.

Data on individual properties is also collected from the field, compiled and analyzed. Buildings and other improvements are inspected in the field, measured and classified. The appraiser estimates the age of improvements and determines the condition of the improvements. This data is used to compile depreciation (loss of value) tables, and any notes pertaining to the improvements are made at this time.

Currently, single family dwellings are classified for quality and type of construction, whether frame or brick veneer. The classifications range from a class 1 to a class 8. Class 1 being the most basic of structures using the poorest quality materials and lowest workmanship while class 8 structure are of the highest quality using only the best materials and the highest and best quality of workmanship available.

Depreciation is also estimated by the condition of the improvements. Conditions range from unsound to excellent. Appraisers in the field usually inspect structures from the exterior perspectives. The interior condition is assumed to be similar to the exterior. However, if the taxpayer requests an interior inspection, an inspection will be made by appointment.

Foundation failure may occur in varying degrees and may also result in loss of value. The Zapata County Appraisal District makes allowances for foundation problems on a case by case basis.

Additional depreciation may be estimated for a variety of reasons including functional obsolescence resulting from bad floor plans or out of date construction methods. Economic obsolescence results from a loss of value to a property due to adverse influences from outside the physical boundaries of the property. Examples on economic obsolescence may be proximity to correctional facilities, location of residential outside city limits with no access to city amenities, residences located on farm and ranch land, etc.

### **VALUATION ANALYSIS**

Zapata County Appraisal District's valuation schedules are divided into three main classifications, residential, commercial and personal property. These schedules are based on the most appropriate data available. Miscellaneous special categories such as mobile homes, special inventory and agricultural land are appraised using different techniques. Depreciation tables/schedules (loss of value schedules) are also included within these schedules. These tables are calibrated from cost as well as sales data and updated as needed.

## RESIDENTIAL SCHEDULES

Residential valuation schedules are cost based tables modified by actual sales data from the county. That is, the cost reflects actual replacement cost new of the subject property. Market research indicates that the common unit of comparison for new residential construction as well as sales of existing housing is the price paid per square foot. The value of extra items is based on their contributory value to the item as a whole. This data is extracted from the market by paired sales analysis and conversations with local appraiser and brokers.

The residential schedule is based on the size, age and condition of structure, quality of construction, contributory value of extra items and land value. Each of these variables has a direct impact on the cost as well as the property. The following is an example of each of the variables and how they may affect market value.

1. Quality of construction. Residential construction may vary greatly in quality of construction. The type of construction affect the quality and cost of material used the quality of the workmanship as well as the attention paid to detail. The cost and value of residential property will vary greatly depending on the quality of the construction. As stated above, the Zapata County Appraisal District residential schedules currently class houses based on quality of construction from 1 to 8. This classification schedule is based on the Property Tax Division definitions of residential classes of dwelling with modifications for local markets.
2. Size of structure. The size of a structure also has a direct impact on its cost as well as value. The larger the structure, the less the cost per square foot. The Zapata County Appraisal District's schedules are graduated in size increments form 100 to 2300 square feet, depending on market conditions. The Property Tax Division and Marshall and Swift also support the size factor.
3. Condition of improvements. The Zapata County Appraisal Distinct rates conditions from unsound to excellent. Properties that in the opinion of the appraiser are unlivable may be taken off schedule and given a fair market value or salvage value.
4. Age of Structure. The Zapata County Appraisal District residential depreciation schedule group's age categories from 0 to 4, 4 to 8 and in increments of 5 years up to 38 years and 39 to 50 in increments of 10 years. Age 51 and over is given the maximum amount of depreciation. As stated above effective age and chronological age may be the same or different depending on the condition of the structure.
5. Extra items. As stated above, extra items are valued according to heir contributory value to the whole. Examples of extra items include storage buildings, swimming pools, fireplaces, etc.

6. Land value. The Zapata County Appraisal District values land based on market transactions when possible. As there is not always market transactions available, other recognized methods of land valuation may be used. The two most common methods are the land residual method and the land ratio method. Land schedules are available at the appraisal district office.

### **COMMERCIAL SCHEDULES**

Commercial properties are valued using replacement cost new with adjustments made for location. Depreciation is applied using physical observation of the property.

### **PERSONAL PROPERTY SCHEDULES**

Business personal property values are derived from several sources. Business owners are required by Texas Law to render their business personal property each year. It's the experience of the district that we receive less than one third (1/3) of business renditions each year. Rendered values are used on business personal property, if the rendered value is reasonable for the type of business and is within acceptable ranges when compared to the PTD or Marshall and Swift personal property schedules for the type of business, the rendered value is accepted. Should the rendered values not be acceptable then PTD or Marshall and Swift schedules are applied to establish a value. Value on all business personal property not rendered is established using PTD or Marshall and Swift schedules for the type of business being valued. Depreciation is determined by the age of the property and its expected life.

Both business and personal vehicles are valued based on N.A.D.A. Used Car Guide trade in value for the particular make, model and age of the vehicle. The appraisal district uses a report obtained from Texas Vehicle Information and Computer services which list vehicles registered in Zapata County on January 1, of each year. This report uses the vehicle identification number to determine make, model and vehicle characteristics to determine N.A.D.A. trade in value. This report along with renditions, physical observations and city reports are used to discover and list vehicles that are taxable within the county and city. When adverse factors such as high mileage are known then the appropriate adjustments are made to the value.

## **STATISTICAL ANALYSIS**

Statistics is a way to analyze data and study characteristics of a collection of properties. In general it is not feasible to study the entire population; therefore, statistics are introduced into the process.

The Zapata County Appraisal District's statistical analysis of real estate is based on measures of central tendency and measures of dispersion. The measure of central tendency determines the percent of a distribution. The measure of central tendency utilized with the aid of computer base programs are the mean, median, mode and weighted mean.

## **INDIVIDUAL VALUE REVIEW PROCEDURES**

In order for comparable sales data to be considered reliable it must contain a sales date, sale price, financing information, tract size, and detail of the improvements. Sales data is gathered by sending sales letters to both the buyer and seller of properties that the district knows changed ownership. Commercial sales are confirmed from the direct parties involved whenever possible. Confirmation of sales from local real estate appraisers is also considered a reliable source.

Sales data is compiled and the improved properties are physically inspected and photographed. All data listed on the property record card is verified and updated as needed included classification, building size, additions or deleted buildings, condition of structure and any type change in data or characteristics that would affect the value of the property.

Individual sales are analyzed to meet the test of market value. Only arms length transactions are considered. Examples of reasons why sales may be deleted or not considered are:

1. Properties are acquired through auction.
2. Properties are sold between relatives.
3. The buyer or seller is under duress and may be compelled to sell or purchase.
4. Financing may be non-typical or below or above prevailing market sales.
5. Considerable improvements or remodeling have been done since the date of the sale and the appraiser is unable to make judgment on the property's condition at the time of the transaction.
6. Sales may be unusually high or low when compared with typical sales located in the market area.
7. The sale involves personal property that is difficult to value.

8. There are value-related data problems associated with the sale; i.e., incorrect land size or square footage of living area.
9. Property use changes occurring after the sale.
10. Some sales may be due to relocation or through divorce proceedings.

Due to the population size and nature of Zapata County, it is extremely difficult to obtain sufficient sales data to meet USPAP standards for analysis of sales and an exception is taken to USPAP Standard Six in this area.

### **PERFORMANCE TESTS**

Sales ratio studies are used to evaluate the districts mass appraisal performance. These studies not only provide a measure of performance but also are an excellent means of improving mass appraisal performance. The Zapata County Appraisal District is very limited with the number of verified sales, due to this a complete ratio study analysis could not be performed for the 2013 tax year.

Sales ration studies are usually performed year round to test cost schedules. At this time individual properties which have sold are reviewed for accuracy in their data. Property record cards indicating the results of the field inspections are used to further aid in the analysis and decision making.

Ratio studies are usually done on a countywide base of all residential sales in the county and then by residential classification. The median ratio within each classification is then compared to the desired ratio to determine if schedule adjustments should be made. The coefficient of dispersion is also studied to indicate how tight the ratios are in relation to measures of central tendency. The median and coefficient of dispersion are good indicators of the types of changes, if any that need to be made.

## **SUMMARY OF PERSONAL PROPERTY APPRAISAL PROCESS**

### SEPTEMBER THRU DECEMBER

1. DISCOVER PERSONAL PROPERTY
2. LOCATE IT AND IDENTIFY WHO IS THE OWNER.

### JANUARY THRU APRIL

1. INSPECT PERSONAL PROPERTY
2. DETERMINE THE VALUE.
3. DETERMINE THE JURISDICTION.

## **METHODS OF DETERMINING VALUE**

### MANUFACTURED HOUSING

Value is determined by using the N.A.D.A. guide identifying the year of manufacture, length & width, make & model and the quality of the manufactured house.

### VEHICLES

Value is determined by using the N.A.D.A. guide identifying the year of the vehicle, make & model.

### BUSINESSES

1. Inventory value is determined by using the quality & density schedule.
2. Furniture, Fixtures & equipment value is determined using the quality 7 density schedule and percent good of FF & E.

## **APPRAISAL OF AGRICULTURAL LAND**

Constitutional Amendments added Sections 1-D and 1-D-1 to Article VIII of the Texas Constitution, which provides that certain qualified kinds of farm and ranch land be appraised

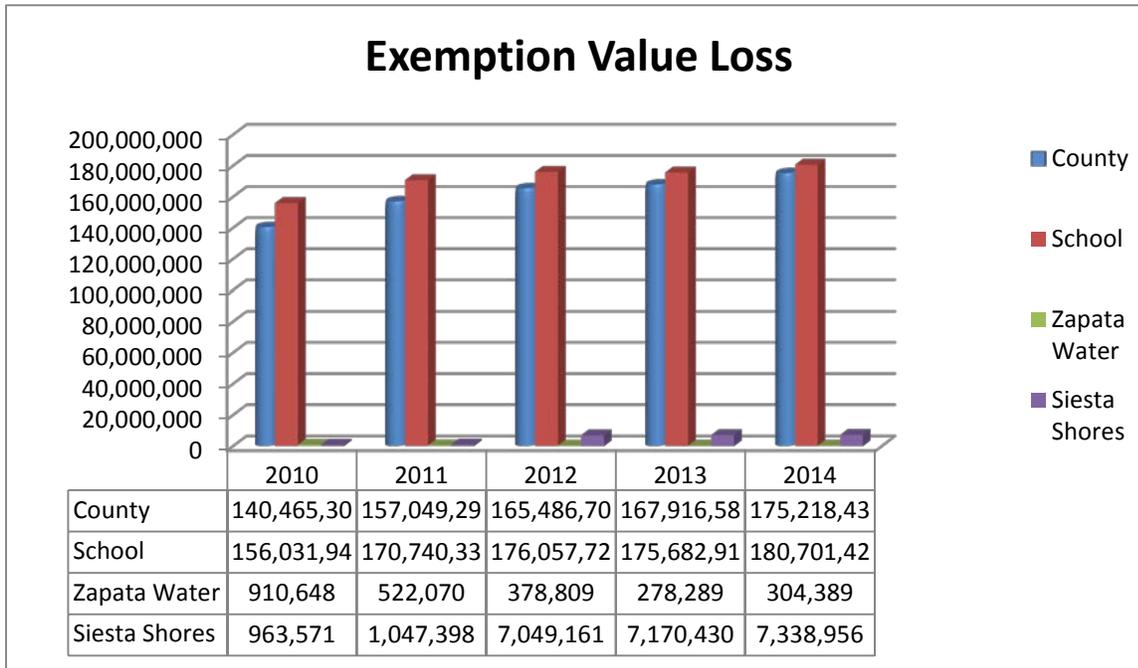
not at their market value but at their productivity value, a value based solely on the land's capacity to produce agricultural products.

The Texas Constitution permits special agricultural appraisal only if the land or its owner meet specific requirements defining farm and ranch use. Land won't qualify simply because it is rural or has some connection with agriculture. Neither will it qualify because it is open land that has no other possible use. To qualify a land parcel for agricultural appraisal, the property owner must apply for the appraisal and meet the standards of Section 23.51 of the Property Tax Code.

In estimating productivity value, the appraiser considers only those factors associated with the land's capacity to produce marketable agricultural products. The appraiser ignores the possibility that the land may command a higher price on the investment or consumption market. Neither of these market influences can be considered. The law requires the appraiser to base the annual income estimate in the five-year period proceeding the year before the year of the appraisal. For example, an appraisal in 2013 was based on income from (two years before the appraisal), 2011, 2010, 2009, 2008 and 2007. The appraiser determines the net income the land would have generated under an average owner of ordinary prudence during each year of the five-year period, then averages the annual net income for each of these years. The resulting average, or "net-to-land", is the amount capitalized in the appraisal. The Capitalization rate is the greatest of 10 percent or the interest rate specified by the Farm Credit Bank of Texas plus 2 ½ percent points.

## Historical Data

This graph illustrates a five year history of value loss due to homestead, disability, veterans and total exempt property.



New Construction Effort: August 1, 2013-January 1, 2014

Zapata County has just put into place an ordinance to issue building permits but is still work in progress, thus the identification of new construction was performed by utilizing the following resources.

- Field appraiser drive-outs

- Property Owners

This graph illustrates a five year history of new value which includes, residential, personal property and minerals.



### ZCAD 2014 Calendar of Key Events

January thru April

- Reappraisal, mail out business personal property renditions
- Ag survey
- Mail out annual applications
- Mail out Appraisal Notices

**2014**

PTD Code	Category	Description	Parcel count
A	Land & Improvements	Residential, single family	2252
B	Land & Improvements	Residential, multi Family	6
F	Land & Improvements	Commercial	59
M	Mobile Home	Improvements only	39
Total all categories			2356
G	Oil, Gas, Utilities	Wardlaw Appraisal Group	annually
L	Personal Property	Commercial	annually

Medina	1501	Horizon Investment	6
Morgan's LFL	179	Gutierrez Add	48
Four Seasons	159	Los Potreritos	72
San Ygnacio	389	Zepeda	14
Valle Verde	36	Uribe Add	16
San Ygnacio Viejo	29	Villa San Jose	29
Canteras	33	Ranchitos San Jose	50
Dolores	60	Fernando Cuellar	12
Agua Dulce Ranchetts	10	H Cuellar	13
Rhoda Maria	43	Don Manuel Ranch	23
Falcon Lake West	266	Veleno Estate	6
Ramireno	2	Cox's camp	17

Las Palmas	30	Roberto Cuellar	15
San Juan Ranchetts	11	Las Palmas RV	21
Ramireno	39	Ruben Cuellar	15
Lakeview Trl Pk	6	<b>Total</b> <b>all</b> <b>Subdivision</b>	<b>3150</b>

## **Legislative Changes for 2013 - 83<sup>rd</sup> Session of Texas Legislature:**

### **TEXAS PROPERTY TAX LAW**

#### **HB 585**

##### **Appraisals**

A property owner seeking an interstate allocation of his property's value will have to file an annual application with the appraisal district. The application form will require the owner to provide the information necessary for the district to determine the validity of his allocation claim. The normal application deadline is May 1, but there are exceptions. In a year when the property is being appraised for the first time, the owner may file his application up to 45 days after receiving his notice of appraised value. An owner may file a late application any time before the ARB approves the appraisal records, but he will have to pay penalty equal to ten percent of his tax savings. If a property owner fails to file a rendition, that failure will not disqualify him from applying for an allocation. An appraisal district may cancel an allocation retroactively for past years if it learns that the allocation was granted erroneously. (i)

Current law allows taxing units to have an appraisal district reappraise properties damaged in a natural disaster. This bill takes out the word natural. Taxing units will be able to request reappraisals following a disaster caused by people, e.g. an explosion at a fertilizer plant. If a dealer fails to timely file a declaration or statement concerning this special inventory, a chief appraiser or collector will be able to waive the applicable penalties if a disaster prevented the dealer from doing filing on time, even if the disaster was not a natural disaster. (i)

Generally, if a homestead with a capped value is left uninhabitable or unusable by a casualty or by wind or water damage, the cap will not apply to a replacement structure if it has more square footage or a nicer exterior than the damaged structure. Under this bill, the cap will apply to an upgrade replacement structure if the upgrade is required as part of the disaster recovery program administered by the General Land Office and funded with community development block grant disaster recovery money.

A party holding a security interest in personal property that cost more than \$50,000 new can, with the owner's consent, file a rendition of that property. A rendition from a secured party is optional, not mandatory, and it apparently does not relieve the owner of the property from his duty to render it. A secured party filing a rendition must indicate its capacity and identify the owner of the property. The rendition does not have to be sworn. A secured party can rely on information provided by the owner and incorporate that information into the secured party's rendition. The secured party will not be liable if the owner refused to provide information or provides false information.

##### **APPRAISAL DISTRICTS AND ARBs**

In every county with more than 120,000 people, ARB members will be appointed by the local administrative district judge, not by the appraisal district's directors. With certain exceptions, the appraisal district may not even communicate with the judge about the appointment of

members. The district can tell the judge about an applicant's delinquent taxes or criminal background. The district's taxpayer liaison office (TLO) can provide clerical assistance to the judge. Property owners, agent are prohibited from communicating with the judge about ARB members. The judge may communicate with an ARB member about that member's own reappointment, but not about other members or applicants. An appraisal district's chief appraiser and employees may not communicate with an ARB member, a director or the judge about a ranking, scoring, or reporting of the percentage by which the ARBV or a pane l of the board reduces the appraised value of property. This will be a crime. An ARB member can be revoked by the judge or board of directors that appointed him based on clear and convincing evidence of repeated bias or misconduct.

The Comptroller will have greater supervisory authority over ARBs in all counties. Her office will prepare model hearing procedures for ARBs covering a variety of different topics. Those procedure may be different for ARBs in different-sized counties. An ARB will have to follow the model hearing procedures when establishing its own hearing procedures. The Comptroller will also create a program under which appraisal district will provide all protesting property owners with survey forms that they can use to offer anonymous comments and/or suggestions concerning an ARB. Appraisal districts will assist the Comptroller in receiving completed forms. The Comptroller's office will prepare annual reports for ARBs summarizing the comments and suggestions.

In any county with more than 120,000 people, the appraisal district will have to have a TLO and he may not be someone who provides legal services for the district. The TLO will provide clerical assistance to the judge who appoints the ARB members, but he may not attempt to influence the judge's decisions. The TLO will be responsible for receiving and compiling a list of comments and suggestions filed by; the chief appraiser, property owners and their agents concerning the ARB. (These comments and suggestion are apparently not the same comments and suggestions included on the Comptroller's survey forms.) The TLO will forward the comments and suggestion to the Comptroller. The TLO will be responsible for informing the public about the process for making comments and suggestions, and information about the process must be provided at every ARB hearing.

When an ARB member completes one of the Comptroller's training classes, he will be required to sign a statement agreeing to follow the Tax Code when conducting hearings. If an ARB member required to attend the Comptroller's continuing-education course fails to do so, he may not participate in any hearing or vote on determinations of protest.

Current law prohibits the Comptroller from giving advice about a matter that is the subject of a protest. This bill will allow the Comptroller to advise an ARB (but not a property owner or an appraisal district) about such matters.

A person may not serve on an appraisal district's board of directors if he person engaged in the business of appraising property for compensation for use in property-tax proceedings or of representing property owners for compensation in property-tax proceedings in the appraisal district at any time during the preceding five years. (i)

In order to be appointed as a chief appraiser, a person will have to either; 1) have an RPA certification; 2) be an MAI; or 3) have an AAS, CAE or RES designation from the IAAO. A chief appraiser who is not an RPA would have to become one within five years. Not later than January 1 of each year, a chief appraiser will have to notify the Comptroller in writing that he is either eligible or ineligible to be appointed or serve as a chief appraiser. If an ineligible person holds the position of chief appraiser, he may not perform any of the chief appraiser's duties. The Comptroller will appoint an acting chief appraiser and determine that person's compensation. An acting chief appraiser can require the appraisal districts' directors to amend the budget as necessary for his compensation and for the adequate operation of the appraisal office. A taxing unit or another appraisal district to perform the duties of the appraisal office. If the district fails to act within one year after the acting chief appraiser is appointed, its options will be limited to: 1) contracting with a taxing unit or another appraisal district to perform the duties of the appraisal office; or 2) contracting with a qualified public or private entity to perform the duties of the chief appraiser, subject to the approval of the comptroller.

At least half of a chief appraiser's required continuing education will have to be devoted to topics listed in 1151.164 (b) of the Occupations Code. These include things like; the functions of the TDLR, the chief appraiser, the appraisal district's directors and the ARB; independence from political pressure; prompt and courteous public service; and appraisal district's finances; and open government. At least two of a chief appraiser's required hours will have to be devoted to a program of professional ethics specific to chief appraisers, including program on the importance of maintaining the independence of an appraisal office from political pressure.

A protesting property owner not represented by an agent will have his hearing scheduled for a time and date certain. If the ARB does not begin the hearing within two hours of the scheduled time, the Board will have to grant a request by the owner to postpone it. A property owner or agent can request in writing that up to twenty designated properties be scheduled for hearings on that same day. The properties must be identified in the same notice of protest, and that notice must say "request for same-day protest hearings" in bold type. An owner or agent can make only one request for same-day hearing in a county. An ARB can schedule more than twenty of an owner's or agents' protests on the same day and can use multiple panels to hear them.

Protest must be randomly assigned to panels, but the assignments can consider expertise that particular panels may have about particular types of properties or particular grounds of protest. The assignment of members to panels and panel chairs may not be based on the member's previous voting records. Once a protest has been scheduled before a particular panel, it cannot be reassigned to another panel without the consent of the owner or agent. If that happens, the owner or agent has a right to a postponement.

An ARB will have to respond in writing or by e-mail to a request for the postponement of a hearing within seven days of receiving the request. The requestor will have to provide his e-mail address. Decisions about scheduling and postponements may be made by the ARB's chairman or a member designated by the chairman.

A property owner filing an affidavit for his hearing will have to specify whether he is not planning to attend the hearing in person or whether he is filing the affidavit as a fallback just in

case he cannot attend in person. If the affidavit states that it is intended as a fallback, the owner will still have the right to attend in person. The ARB will consider the affidavit only if he does not show up. If he says that he will not come (or if he doesn't say anything one way or the other), the ARB will not have to hold its hearing at the scheduled time.; it can process affidavits at its convenience at a hearing held for that specific purpose.

In an ARB protest hearing on a claim of excessive value or unequal value, the appraisal district will have the burden of proving its value with clear and convincing evidence under the following circumstances; 1) the appraised value of the property was lowered as the result of a protest or appeal in the preceding year; 2) the preceding year's value was not the result of a written agreement between the property owner and the appraisal district; and 3) at least fourteen days before the hearing, the property owner files with the ARB information sufficient to allow the ARB to determine the protest and delivers copies to the district. If the district fails to meet its burden, the protest will be determined in the property owner's favor. If the property owner fails to file his evidence in advance, he can still pursue his protest, but he will not have the advantage of the clear-and convincing-evidence standard.

Evidence and argument offered at a hearing by an owner or agent will not be subject to the laws governing licensed or certified real-estate appraisers unless the person states that he is speaking as a licensed or certified appraiser.

## APPEALS

A petition filed to appeal an ARB's order may include multiple properties owned or leased by the same person if they were "of a similar type" or "part of the same economic unit and would typically sell as a single property." A petition could be amended within the sixty-day limitations period to include additional properties. If a court determines that his properties do not meet the standard for being included in a single case, it can sever the case. A court will have jurisdiction over an appeal regardless of who the plaintiff is or whether the property is described correctly as long as: 1) the property is the subject of an ARB order; 2) the appeal is filed on time; and 3) the petition contains sufficient information to identify the property. A plaintiff might have to amend his pleadings to correct errors, but his case will not be dismissed. (i)

A property owner filing an appeal will have the option of paying the least of; 1) the taxes on the undisputed value of his property; 2) the full tax assessment; or 3) the amount of the preceding years' taxes on the property. If he fails to state his payment plans when he files his petition, that failure will not be a basis for dismissing his suit. After making his initial payment, the owner may make an additional payment at any time. If a taxing unit offers a split-payment option, the owner may take advantage of it by making his required payment at any time. (i)

A court may award attorney's fees to a property owner who prevails in a case involving any of several types of exemptions, specifically the exemptions for; cemeteries; disabled veterans; nonprofit community business organizations; historic sites; or any of the miscellaneous exemptions listed in 11.23. (i)

Evidence and argument offered at an ARB hearing by a property owner or agent will not be admissible in an appeal, with certain exceptions. It may be used for purposes of a no-evidence motion for summary judgment or if the evidence or argument is necessary for the determination of a motion for summary judgment on other grounds. Testimony that a plaintiff gave before the ARB concerning the value of the property will be admissible. Evidence or argument that an owner or agent presented before the ARB may be used to impeach the owner or agent if he is witness at the trial. (i)

The bill ends expedited arbitration as a means of appealing an ARB's order. Regular arbitration will still be available. (i)

## COLLECTIONS

If a taxing unit denies a property owner's request for a refund of an alleged overpayment or erroneous payment (or if it fails to act on the request within ninety days), the property owner can sue the taxing unit. The period for filing suit is sixty days. If the property owner prevails in court, the court can make the taxing unit pay his attorney's fees up to the greater of \$15000 or thirty percent of the amount of his tax refund.(i)

A taxing unit filing a delinquent tax suit will not be liable for paying electronic filing fees. Those fees may be recovered from the defendants or from a tax sale in the same way that other court costs are recovered. (i)

## APPRAISAL ADMINISTRATION

### H.B. 241

Under current law, an appraisal district must notify property owners (either by mail or in a newspaper) of the availability of forms that the district and property owners can use to agree to exchange notices and information electronically. Notice must be provided even if the appraisal district has chosen not to enter any electronic-communication agreements and even it does not have the ability to exchange information electronically. Under this bill, the notice requirement will remain in place for an appraisal district in a county with more than 200,000 people. In a smaller county, however, the appraisal district will have to provide the notice only if it has decided to enter electronic-communication agreements and if it has implemented a system to allow for electronic communications.

### S.B 359

This bill allow junior college districts to participate in the selection of appraisal districts directors. When a chief appraiser calculates the number of votes that a junior college district has, she will notify the presiding officer of the district's governing body and the president, chancellor or other CEO of the district. If an appraisal district increases the number of directors or changes the method for appointing directors, the district must provide for the junior college district to participate in the same manner as the school district with the lowest tax levy among the school districts in the county.

#### S.B. 1256

In the context of appraising residential property in a county with more than 150,000 people, a sale cannot be considered as a comparable sale unless it occurred within thirty-six months of the relevant appraisal date. It does not matter how many or how few comparable properties sold during that thirty-six month period.

#### S.B. 1508

A party holding a security interest in personal property that cost more than \$50,000 new can, with the owner's consent, file a rendition of that property. A rendition from a secured party is optional, not mandatory, and it apparently does not relieve the owner of the property from his duty to render it. A secured party filing a rendition must indicate its capacity and identify the owner of the property. The rendition does not have to be sworn. A secured party can rely on information provided by the owner and incorporate that information into the secured party's rendition. The secured party will not be liable if the owner refuses to provide information or provides false information.

#### APPRAISAL

#### H.B. 315

Certain motor-vehicle dealers may opt out of the special-inventory appraisal and have their inventories appraised like ordinary business personal property. In order to opt out, a dealer must show several things. First, the dealer has to show that he did not sell the types of vehicles described in 152.001(3) (A) of the Tax Code, i.e., self-propelled vehicles designed to transport persons or property on a public highway. Second, the dealer has to show either; 1) that the revenue from his taxable vehicle sales was 25% or less of his total revenue during the preceding year; or 2) that he estimates that the revenue from his taxable vehicle sales will be 25% or less of his total revenue during the current year and that he did not sell a vehicle to anybody other than another dealer during the preceding year. A dealer who wants to opt out of the special – inventory appraisal for a particular year has to file a written declaration (on a form prescribed by the Comptroller) with the appraisal district and the county tax assessor-collector no later than August 31 of the preceding year and has to render his motor vehicle inventory as ordinary business personal property. He has to do this every year.

#### H.B. 561

Open-space agricultural (1-d-1) land will be exempt from rollback taxes if it is owned by a tax exempt school and, within five years following some unspecified event, it is converted to school purposes that qualify it for exemption under 11.21

#### H.B. 826

This bill concerns the controversial topic of heavy-equipment inventories, but it doesn't offer any progress toward the resolution of the controversies. The definition of dealer will exclude a bank, savings bank, S&L, credit union, or other finance company. Further, a company will not be considered a dealer in a particular year if it renders its inventory in a rendition statement for that

year. The definition of inventory will include only equipment held for sale, lease or rent in Texas. The bill states that it will not have any effect on any pending lawsuits.

#### H.B. 2500

An appraisal district will have to appraise “solar energy property” installed in 2014 or later and used for a commercial purpose using a cost approach and a useful life of no more than ten years. Solar energy property is broadly defined and include commercial storage devices, power conditioning equipment, transfer equipment, and necessary parts for the devices and equipment. The appraised value of solar energy property may not be less than twenty-percent of the value determined by taking the cost of the property and adjusting for physical, functional, or economic obsolescence and any other justifiable factor.

#### H.B. 3390

This bill make numerous changes to the Texas Economic Development Act, which authorizes school districts to grant limitations on the appraised values of some properties for purposes of economic development. It extends the life of the Act through 2011. It repeals Subchapter D of the Act, which entitles a property owner to receive tax credits for certain taxes paid during the “qualifying time period” between the time that a school board approves a value limitation and the time that the limitation actually takes effect. A business that is not subject to the state franchise tax will not qualify for a value limitation. A “qualifying investment” eligible for a value limitation can include personal property placed in service in a newly expanded building. Property will have to be used for the purposes specified in the Act (manufacturing, research and development, etc.), not just in connection with those purposes. A “Texas Priority Project”: may qualify. That means a project with a qualified investment of more than \$1 billion. A project will have to create a minimum of only twenty-five new qualifying jobs, and a qualifying job will have to pay at least 110 percent of the county’s average wage for manufacturing jobs. That requirement may be waived if the project leads to the creation of jobs by third parties and the Texas Workforce Commission determines that the cumulative economic benefits to the state of those jobs is the same or greater than that associated with twenty-five qualifying jobs. The average wage for jobs that are not qualifying jobs will have to exceed the average wage for all jobs in the county.

If a school district chooses to consider an application for a value limitation and requests an economic impact evaluation from the Comptroller, she will have ninety days in which to provide it. An analysis by the TEA concerning how the proposed project would affect the district’s facilities will be delivered to the district. The Comptroller must strictly interpret the Act’s criteria and give her approval to a value limitation only if; 1) it will create high-paying jobs; 2) it will provide a net benefit to the state over the long term; 3) it will advance the state’s economic-development goals; 4) it is likely to generate, before the twenty-fifth anniversary of the beginning of the limitation period, state and local tax revenue in an amount sufficient to offset the school m&o tax revenue lost as a result of the agreement; and 5) it is determining factor for the last two requirements if “other considerations associated with the project result in a net positive benefit to the state.” The Comptroller will have broad discretion to determine the contents of an economic impact evaluation. If the Comptroller favors a proposal, she will issue a

certificate along with her economic impact evaluation. If the Comptroller does not favor a proposal, she will issue a written explanation for her decision but not a certificate. In that event, the district may not approve the application.

An agreement between a school district and a property owner will have to be on a form approved by the Comptroller. The agreement must disclose any consideration promised in connection with the application or the value limitation. A value limitation will last for ten years instead of eight. The agreement must specify the date on which the value limitation begins, which must be January 1 of the first year that begins after; 1) the application date; 2) the qualifying time period; or 3) the date commercial operations begin at the site of the project. The agreement may delay the beginning of the qualifying time period but not past January 1 of the fourth year that begins after the approval of the application. A property owner receiving a value limitation may not provide supplemental payments to the school district (or to another entity on behalf of the school district) in excess of the greater of; \$100 per year per student in average daily attendance; or \$50,000 per year. This prohibition on supplemental payments will extend for three years after the owner's value limitation ends. If the property owner cannot make its qualified investment on time due to a casualty loss, the Comptroller may waive the penalty that would otherwise be imposed.

The bill also addresses the enforcement of job-creation requirements and employs remarkable levels of leniency. Each year, a property owner receiving a value limitation will give the Comptroller a report documenting the number of qualifying jobs that it has created. The Comptroller will conduct a review of every project receiving a value limitation to determine whether it is providing the required number of qualifying jobs. She will count a job as a qualifying job even if it does not quite meet the requirements for a qualifying job, as long as it doesn't miss come requirement by more than ten percent. If a project isn't providing the required jobs, the property owner must promise to do better. If the project fails to meet the jobs requirement for a second year, the Comptroller may impose a penalty on the property owner with the money going to the Foundation School Fund. The Comptroller may cancel the value-limitation agreement only after imposing penalties on the property owner in three year.

The Comptroller will identify "strategic investment area" in places where the economy is relatively weak. Those area will have a status similar to rural area under Subchapter C of the Act. A school district in such an area may grant a value limitation to even a relatively small project, and some other special rules will apply. The bill also increases the minimum value limitation that applies to school districts in some of those rural and strategic areas. The minimum limitation will be \$10 million in even the smallest of those districts.

Each year, the State Auditor will review at least three major value-limitation agreements to determine whether they comply with the law and whether they are accomplishing their purpose. There will also be some changes in the contents of the Comptroller's biennial reports to other State officials.

## EXEMPTIONS

### H.B. 97

This proposed constitutional amendment and related bill would create a new exemption for the residence homestead of a partially disabled veteran if the homestead were donated to the veteran by a charitable organization at no cost. The exemption would be a percentage of the homestead's appraised value (H.J.R. 24 says a percentage of market value) equal to the veteran's disability (e.g. a 50% disabled veteran would receive an exemption equal to 50% of the appraised of his homestead). If the disabled veteran died, his surviving spouse would inherit the exemption as long as she did not remarry. She could later move and transfer the dollar amount of the exemption to a new homestead. The appraisal district that appraised the first homestead would give her a written certificate containing the information that the other appraisal district would need in order to determine the amount of the exemption for the second homestead. If a property qualified for the exemption at any time during a year, it would receive the exemption for the entire year. In order to claim the exemption, a homeowner would have to apply within one year after first qualifying.

Currently, the right to pay homestead taxes in four installments belongs to homeowners who are disabled or over sixty-five and to surviving spouses of disabled veterans. This bill would extend that right to disabled veterans themselves. It would apply to a disabled veteran or a deceased disabled veteran's surviving spouse if the person qualified for a disabled-veteran's exemption under 11.22 or 11.132

### H.B. 294

This bill concerns the exemption for a charitable organization that provides housing and related serviced to homeless people, an exemption that applies only in Austin. The exemption will apply not just inside Austin's city limits, but in its extraterritorial jurisdiction. The exemption will apply to qualifying real property, even if it does not include a building. The charitable organization will have to have been in existence for twelve years, not just ten.

### H.B. 1287

Someone applying for a homestead exemption will no longer have to provide a vehicle registration receipt. He will not even have to provide a driver's license or state identification card if: 1) he is a resident of a facility that provides services related to health, infirmity or aging; or 2) he is a crime victim certified for participation in the Attorney General's address-confidentiality program. A chief appraiser will have the discretion to waive the requirement that the address on the applicant's driver's license match the address of the property if the applicant is an active-duty member of the armed services or a member's spouse and provides a copy of his military identification card and a utility bill in his name for the pr4oeprty. The chief appraise may also waive the requirement if the applicant is a judge of peace officer whose driver's license does not reflect his home address. The judge or peace officer will have to include a copy of the application that he filed with the Department of Transportation in order to get that license.

#### H.B. 1348

This bill concerns commercial aircraft under construction inside a defense base development authority. If such an aircraft is to be used as an instrumentality of commerce, it will be presumed to be interstate, international, or foreign commerce and not located in this state for longer than a temporary period, i.e., it will be presumed to be non-taxable. The definition of commercial aircraft is incorporated by reference from 21.05 € Parts, equipment or other personal property will be presumed to be non-taxable if the owner show that it intends to incorporate the property into the aircraft or attach it to the aircraft.

#### H.B. 1712

The exemption for offshore drilling equipment not in use will be expanded to include personal property used, constructed, acquired, stored, or installed solely as part of an “offshore spill response containment system.” Such a system must be designed or intended to be used temporarily and solely to implement a response plan for the control, reduction, or monitoring of pollution in the event of a blowout or loss of control of an offshore oil well or gas well. It must be capable of dealing with a spill more than 5,000 feet deep. The system will have to be stored when not in use in a county bordering on the Gulf of Mexico or on body of water immediately adjacent to the Gulf. The system must be owned or leased by an entity formed primarily for the purpose of designing, developing, maintaining or operating it. A party will have to file an exemption application for the first year in which it claims an exemption.

#### H.B. 1897

This bill concerns the pollution-control exemption. When a property owner submits an application and related information to the TCEQ, the Commission’s executive director will declare the application to be administratively complete. Within one year after that, the executive director will have to issue his determination letter and, if there is an appeal to the full Commission. The district will have ten days to provide a copy of an agreement to each taxing unit that taxes the property. Any taxing unit may object to the agreement within sixty days, and an objection ill void the agreement. Without such an agreement, the property owner may not receive a refund.

The pollution-control exemption will also be expanded to include real and personal property located on or near a landfill and used to: 1) collect gas from the landfill; 2) compress and transport the gas; 3) process the gas so that it can be delivered into a natural-gas pipeline or used to fuel methane-powered vehicles or equipment; and 4) deliver the gas to a pipeline or methane fueling station. The Comptroller will not recognize the exemptions in her value studies. The exemption will apply only in 2014 and 2015.

#### H.B. 2712

The pollution-control exemption will be expanded to give taxing units the option of exemption certain “energy storage systems,” i.e., devices capable of storing energy to be discharged at a later time, including chemical, mechanical, or thermal storage devices. In order to qualify, an energy storage system must; 1) be located in a city with a population of at least 100,000 adjacent to a city with more than two million people; 2) be in a nonattainment area under the federal clean Air Act; 3) be used, constructed, acquired or installed to meet federal air-pollution rules or

the rules of the state or a local government; 4) have a capacity of at least ten megawatts; and 5) be installed in 2014 or later. A taxing unit may grant or repeal an exemption for an energy storage system at any time. A party will have to file an exemption application for the first year in which it claims an exemption. In a taxing unit's effective-tax rate calculations, an exempt energy storage system will not be included in the unit's current total value.

H.B 3121  
H.J.R. 133

A taxing unit's governing body could extend the amount of time that aircraft parts could stay in Texas and still receive the Freeport exemption from that taxing unit. The time period could be extended up to 730 days. It appears that if a taxing unit acted to extend the time, it could not change its mind and undo the action later.

S.B 163  
H.J.R. 62

If a member of the armed services were killed in action, his surviving spouse would receive a 100% exemption for her homestead provided that she did not remarry. She could later move and transfer the dollar amount of the exemption to a new homestead. The appraisal district that appraised the first homestead would give her a written certificate containing the information that the other appraisal district would need in order to determine the amount of the exemption for the second homestead. A surviving spouse would have to file an application for the first year that she claimed the exemption. If the application were approved, she would receive the full amount of the exemption for that year regardless of the date on which the property first qualified.

S.B. 193

This bill concerns the exemptions for low-income housing. The Texas Supreme Court recently ruled that an organization could receive an exemption even if it failed to file copies of its annual audits with the appraisal district. This bill amends the Code to make it even clearer that an organization must file copies of its audits or it may not receive an exemption. An organization claiming an exemption under 11.1825 must file its audit within 180 days following the end of its fiscal year. This bill will allow a chief appraiser to extend that deadline on a showing of good cause.

## PROPERTY TAX PROFESSIONALS

S.B. 464

The TDLR will have to wholly or partially dismiss a complaint against a tax professional without a hearing under certain circumstances. First, the complaint challenges; 1) delinquent-tax penalties or interest or the failure to waive penalties or interest; or 2) any matter for which the Property Tax Code provides a remedy, e.g., appraisal errors, denials of exemptions and special appraisals, etc. Second, the matter has not been finally determined in the complainant's favor by an ARB, a court, an arbitrator, a governing body or the SOAH. Both are required for automatic dismissal, so a complaint concerning an appraised value will not be dismissed automatically if the matter has been resolved in the complainant's favor by an ARB, a court, etc. The requirement of automatic dismissal will not apply to 1) a matter referred to the TDLR by the

Comptroller; 2) a complaint concerning a tax professional's alleged failure to comply with registration or certification requirements; or 3) a complaint concerning a newly appointed chief appraiser's failure to complete the required training program. The TDLR will have the discretion to dismiss a complaint wholly or partially if the complaint does not credibly allege a violation of the statutes or rules governing tax professionals.

#### S.B. 546

A county tax assessor-collector and her employees will no longer be subject to the Property Taxation Professional Certification Act or to the regulations of the education TDLR. A county TAC will have to complete courses on ethics and on her constitutional and statutory duties within ninety days of taking office. Additionally, she will have to complete twenty hours of continuing education every year before the anniversary of her taking office. If the TAC assesses or collects property taxes, ten of those twenty hours must relate to property taxes. If a TA completes more than twenty hours of continuing education in a year, up to ten of those extra hours may be carried forward and applied to the next year. Courses must be approved by some unspecified state agency or by an accredited institution of higher education. (The bill specifically names the V.G. Young Institute of County Government as an example of an accredited institution of higher education.) A TAC will give the county's commissioners an annual report about her continuing education. Failure to satisfy these educational requirements may be grounds for the TAC's removal from office.

#### S.B.972

This bill repeals the criminal sanctions in Chapter 1151 of the Occupations Code, the Property Taxation Professional Certification Act and in Chapter 1152 of the Occupations Code, which doesn't have a name but which governs property tax consultants.

#### H.B. 326

The term limits for ARB members in populous counties will be the same as those in less populous counties. There will be no lifetime limit on the number of terms that a member may serve, but a member may not serve more three consecutive terms. A term as an auxiliary member doesn't count. In a county with more than 100,000 people, a person may not serve on the ARB if he; 1) is a former officer, director or employee of the appraisal district; or 2) ever appeared before the ARB for compensation. A former officer or governing-body member of a taxing unit in the county may serve on the ARB, but only when four years have passes since he left his position with the taxing unit.

#### H.B. 2792

An ARB hearing may be closed to the public in response to a joint motion by the property owner and the appraisal district if either side intends to disclose proprietary or confidential information at the hearing. The bill is less clear on the question of whether proprietary or confidential information in an ARB's hearing records is subject to disclosure under the Public Information Act.

#### H.B. 3438

Under a current law, a person may not be appointed to an ARB in a county with more than 100,000 people if he ever appeared before the Board for compensation. This bill will allow such

a person to be appointed if two years have passed between the last time he appeared before the Board for compensation and the time of his appointment.

#### H.B. 3439

Current law allows an AB to designate a time and place for an agent to present his appointment-of-agent form in advance of a hearing. This bill repeals that rule. An agent may file the form as late as the commencement of a hearing. Additionally, an agent may act on his own to revoke his appointment. He will not need his client to sign or file the written revocation, but he will need to send a copy to his client by certified mail.

#### APPEALS

##### H.B. 316

The pilot program allowing appeals to the State Office of Administrative Hearings will be made permanent and expanded to include all counties. SOAH would conduct hearings in fourteen major cities across Texas. SOAH appeals would be available for protest concerning appraisals of minerals.

##### S.B. 1255

A property owner will be able to appeal an unequal-appraisal protest to binding arbitration. But an arbitrator may not take on an unequal-appraisal appeal until he completes a training program at least four hours long. The program must emphasize the legal requirements of equal and uniform appraisals and be approved by the Comptroller.

##### S.B. 1662

This bill will do away with expedited arbitration as a means of appealing an ARB's order. Regular arbitration would still be available.

##### H.B. 242

This bill expands the list of notices that an appraisal district must send by certified mail. A district must use certified mail for a notice that agricultural or timber land has undergone a change of use that will trigger a rollback tax; a notice that a property owner must file a new application in order to continue receiving an agricultural appraisal on his property and a notice that a property owner will owe a 10% penalty for filing his agricultural-appraisal application after April 30.

##### H.B. 2267

The list of people who can have their home addresses kept confidential by appraisal districts and taxing units is expanded to include "a medical examiner or person who performs forensic analysis or testing who is employed by this state or one or more political subdivisions of this state."

##### H.B. 2676

This list of people who can have their home addresses kept confidential by appraisal districts and taxing units is expanded to include current or former members of the armed forces who have served in combat zones designated by the President.

#### S.B. 1224

Currently, a notice, report, application, motion payment, etc. sent in by a property owner or agent is considered timely if it is deposited in the mail before the applicable deadline, even if it does not reach its destination until after the deadline. This bill will apply the same rule to deliveries by FedEx, UPS or other private carriers. A delivery by private carrier will have to be prepaid, and properly addressed. It will have to “bear a receipt mark indicating a date earlier than or on the specified due date and within the specified period.” Alternatively, the owner or agent can provide other proof that the item was deposited with the carrier on or before the specified due date and within the specified period.

#### S.B. 1896

This bill allows more types of judges to have their home addresses kept confidential by appraisal districts and taxing units. That right now belongs to an active or retired judge of a statutory probate court or a constitutional county court. It also belongs to an active or retired associate judge appointed under Chapter 54A of the Government Code; a master, magistrate, referee, hearing officer, or associate judge appointed under Chapter 54 of the Government Code; and a municipal court judge.

### ASSESSMENT & COLLECTIONS

#### H.B. 699

County commissioners may designate a place other than the county courthouse as the site for tax sales or real property. That place must be a public place within a reasonable proximity of the county courthouse and must be as accessible to the public as the courthouse door. The commissioners must file their designation in the county’s real-property records. After ninety days, all sales will have to be held in the designated place. The commissioners’ designation of a place for tax sales will not provide any grounds for challenging or invalidating a sale.

#### H.B. 709

If a correction to one year’s tax roll results in a refund being due to a taxpayer but the taxpayer owes delinquent taxes on the property for another year, the tax office can apply the refund to those delinquent taxes rather than paying it to the taxpayer. The same taxpayer has to be the sole owner of the property in each of those years. The same rule would apply if a taxpayer’s right to a refund came about because of an overpayment or erroneous payment.

Currently, the right to pay homestead taxes in four installments belongs to people who are disabled or over sixty-five and to surviving spouses of disabled veterans. This bill extends that right to anyone who qualifies for a disabled-veterans’ exemption under 11.22 including disabled veterans themselves and the minor children of deceased disabled veterans.

#### H.B. 1597

Anyone qualified for a disabled veteran’s exemption will have the right to pay homestead taxes in four installments, the same right that homeowners who are over sixty-five or disabled have now. If a homeowner with the right to pay in installments makes all of her payments on time, she will not incur any penalties or interest. If she makes her first payment after January 31 but

before March 1, she will still have the right to pay the remaining taxes in installments. The bill isn't clear, but the homeowner will apparently owe penalties and interest on the delinquent first payment.

Any installment agreement will have to extend for at least twelve months and provide for equal monthly payments. If a property owner breaches an installment agreement, the tax office will have to send a notice to him (and to any other owner whose name appears on the delinquent tax roll) before it can seize the property or file a delinquent-tax lawsuit.

If a homeowner request an installment payment agreement for the delinquent taxes on her homestead, the tax office will have to agree as long as the homeowner has not entered any other installment agreements with the tax office within the preceding twenty-four months. During the period of the agreement, if the owner makes all of her payments, interest will accrue on the delinquent taxes, but penalties under 33.01 will not. The delinquent-tax notices sent by a tax office must describe the right to pay homestead taxes under an installment agreement. Delinquent taxes on a residence will not constitute default under the homeowner's mortgage agreement if the owner enters an installment agreement for the payment of those taxes and gives ten days advance notice of the agreement to the mortgage servicer. The mortgage servicer will have the option of paying the taxes,

#### H.B. 1913

This bill concerns taxes that relate to a date before the current owner acquired it. The taxes might be back-assessed because the property had been omitted from the roll, because the property had erroneously been granted an exemption or because the property was "added to the appraisal roll under a different account number or parcel when the property was owned by a prior owner. If those taxes become delinquent, the delinquent-tax notice sent by the tax office will have to include specific language explaining that the taxes are delinquent and secured by tax liens. The governing bodies of the taxing units may waive their penalties and interest if the owner request the waiver and pays the taxes within 180 days after receiving that notice.

Additionally, a taxing unit's governing body may waive penalties and interest on delinquent taxes if the taxpayer provides evidence to show. 1) That she delivered her payment to the U.S. postal Service before the delinquency date but an act or omission by the Service resulted in the payment being postmarked after the delinquency date; or 2) that she delivered her payment to a private delivery service before the delinquency date but an act or omission by the service resulted in the payment being received by the tax office after the delinquency date.

#### H.B. 3613

If a taxing unit does not file suit within four years to collect delinquent personal-property taxes on a manufactured home, its tax lien will be extinguished and revoked from the TDHCA's title records. If four years pass without a suit being filed, any person may require the unit's tax collector to file a lien release with the TDHCA. With respect to any tax delinquent for more than four years, the Department may ask a collector whether a timely suit was filed. If the collector responds by saying that a timely suit was not filed or if the collector fails to respond to two

inquiries, the Department will remove the tax lien from a home's statement of ownership and location. The Department's request and the collector's response may be made electronically.

#### S.B. 247

A property tax lender's advertisements and solicitations will have to include a notice that the tax office may offer installment payment plans that are less costly than a property-tax loan. Additional disclosure requirements will also apply to any advertisement that mentions an interest rate, charge or payment plan. The Finance Commission would be charged with enforcing these rules and could penalize a lender who violated them.

The bill also revises the rules for relatives who can make property-tax loans to each other without having to be licensed; a person can make an occasional loan to his grandson or to his sister but not to his niece or cousin.

Lenders may no longer acquire tax liens on the homesteads of people sixty-five or older. Neither can they acquire liens on; 1) property financed with grants or below-market rate loans provided by a governmental program or nonprofit organization and subject to the covenants of those grants or loans; or 2) property subject to a city's lien for the repair or removal of a dangerous or dilapidated structure.

In addition to the disclosure that a lender gives to a property owner before entering a loan agreement, he will also have to describe each additional charge or fee that the property owner might incur in connection with the transaction. The bill makes it clear that the sworn statement filed with the tax office must be signed by the property owner. A property owner may not waive his rights or the duties that a lender owes him. A loan may include delinquent taxes. It may include taxes that are due but not delinquent but only if there is not a recorded mortgage lien on the property. The amount that a lender pays to a taxing unit will have to include not only taxes, penalties and interest but also collecting costs. A lender who makes a loan and acquires a tax lien cannot transfer or assign the loan to anyone other than another licensed property-tax lender or someone exempt from the licensing requirements (e.g., a bank, a close relative of the property owner, etc.). The other lender will be considered a "transferee" and will be subject to the same requirements as the original lender.

Current law provides that a mortgagee or other person holding an existing recorded lien on a property at the time of a property-tax loan may request a payoff statement from a tax-lien transferee. This bill will require the mortgagee to request the payoff statement using a form created by the Finance Commission. The mortgagee may make the request even before the loan becomes delinquent. The Commission will adopt rules governing how long the transferee will have to provide the payoff statement, but that period must be at least seven business days.

A transferred property-tax lien can no longer be foreclosed non-judicially; it can only be foreclosed judicially in the same way that taxing units foreclose their tax liens. The bill also expands the Commission's rule-making authority and makes several technical, non-substantive changes to clarify the language of the statutes.

### S.B. 382

This bill concerns a situation in which a county owes money to someone for services provided, but that person owes delinquent taxes to the county. A few years ago, the Attorney General issued an opinion stating that the county could withhold payment and apply the money that it owed the person to the person's delinquent taxes, but only if a court had entered a judgment for those taxes. This bill makes it clear that the county can withhold payment and apply the money to the delinquent taxes, even if a court had not yet entered a judgment for the taxes.

### S.B. 656

Any vote by a city council to adopt a budget must be a record vote. An adopted city budget as must include a cover page detailing:

- the change in tax revenues from the preceding budget to the current budget (expressed
- as a percentage and in total dollars;
- anticipated tax revenues from new property;
- the votes of the council members;
- adopted tax rates ( or the proposed rate calculated for the current year if no rate has been adopted), effective tax rate effective M&O tax rates, rollback and debt rates for the preceding and current fiscal years; and
- the amount of the city's debt obligations.

If all of the information for the current year is not available when the budget was adopted, it can be added to the cover page later. The city must post the budget, including the cover page, on its Internet website for at least a year. The same requirements apply a county's budget adopted by the county's commissioners.

### S.B. 1510

This bills will change truth-in-taxation procedures for most cities and counties. Every year, by September 1, a city or county will publish (or mail out) a notice stating its proposed tax rate, its effective tax rate and related information, including the tax offices contract information. This is the only notice that the city or county will have to provide. The notice must also be posted on the city's or county's website. The notice will not have to contain the detailed financial information currently required to be in an effective-tax-rate notice, but a city or county will have to provide that information to anyone who asks for it. If the proposed tax rate exceeds the effective rate or the rollback rate, the governing body will have to hold two public hearings, and the notice will include information about those hearings. The city or county will not have to post another notice concerning the governing body's vote on the tax rate. A city or county with a tax levy small enough for it to use the simplified truth-in taxation procedures described in §26.952, can continue to use those procedures.