

BILL ANALYSIS

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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

In 2006, the Texas Legislature passed landmark tax and school finance reform legislation to ensure the constitutionality of the state's school finance system while also providing property tax relief and improving the fairness of the state's business tax system. School maintenance and operation rates were to be rolled back by one-third over the next two years to provide \$7 billion in annual property tax relief. However, many taxpayers have not seen the dramatic reductions in their tax bills they had expected. To address these concerns, Lieutenant Governor Dewhurst created the Subcommittee on Property Appraisal and Revenue Caps (subcommittee), with the intention that the subcommittee thoroughly examines the property tax appraisal system.

The subcommittee consistently heard from witnesses that one of the problems associated with the state's current appraisal system is the lack of standard and uniform appraisal methods and the lack of enforcement by the state. Despite substantial progress in improving property tax administration since the advent of the current system, taxpayers are demanding the ability to enforce uniform and equitable property appraisals across the state. Statewide uniformity and equity can only be enforced through the reform and enhancement of state oversight of appraisal methods.

The subcommittee was also provided with an overview of the Property Value Study (PVS). The Property Tax Division of the Office of the Comptroller of Public Accounts (comptroller) is required to conduct PVS each year. The study provides an estimate of a school district's taxable property value and measures a central appraisal district's (CAD) performance. Critics of PVS assert that the study leads to over-valuation by CADs and unfairly penalizes school districts if CADs fail to correctly appraise real property in the district.

As proposed, S.B. 20 provides that the boards of directors of two or more adjoining appraisal districts are not precluded from providing for the operation of a consolidated appraisal review board by interlocal contract; requires that the market value of a residence homestead be determined solely on the basis of the property's value as a residence homestead; requires the board of directors for an appraisal district created for a county with a population of more than 50,000 to appoint a taxpayer ombudsman; requires the comptroller to conduct a study to determine the total taxable value of all property in each school district; and provides that the assessor for a district is required to determine an estimate of certain values for the district using a certain estimated value and submit an appraisal roll to the governing body of the district showing an estimate of each item of information. The bill also prohibits the appraisal review board from employing or retaining legal council if the person serves as legal counsel for the appraisal district or the chief appraiser. The bill creates a pilot program under which a property owner is authorized to appeal to the State Office of Administrative Hearings a certain appraisal review board order.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 4.02 (Section 403.302, Government Code) of this bill.

Rulemaking authority previously granted to the comptroller of public accounts is modified in SECTION 4.07 (Section 5.102, Tax Code) of this bill.

Rulemaking authority is expressly granted to the chief administrative law judge in SECTION 10.01 (Section 2003.906, Government Code) of this bill.

Rulemaking authority is expressly granted to the State Office of Administrative Hearings in SECTION 10.01 (Section 2003.911, Government Code) of this bill.

SECTION BY SECTION ANALYSIS

ARTICLE 1. CONSOLIDATED APPRAISAL REVIEW BOARDS

SECTION 1.01. Amends Section 6.41, Tax Code, by adding Subsections (g) and (h), as follows:

(g) Provides that Subsection (a) (regarding the establishment of the appraisal review board for each appraisal district) does not preclude the boards of directors of two or more adjoining appraisal districts from providing for the operation of a consolidated appraisal review board by interlocal contract.

(h) Provides that when adjoining appraisal districts by interlocal contract have provided for the operation of a consolidated appraisal review board, a reference in this or another section of this code to the appraisal district means the adjoining appraisal districts; a reference in this or another section of this code to the appraisal district board of directors means the boards of directors of the adjoining appraisal districts; a provision in this code that applies to an appraisal review board also applies to the consolidated appraisal review board; and a reference in this code to the appraisal review board is required to be construed to also refer to the consolidated appraisal review board.

SECTION 1.02. Makes application of this article contingent upon approval by the voters of the constitutional amendment authorizing the legislature to authorize a single board of equalization for two or more adjoining appraisal entities that elect to provide for consolidated equalizations. Provides that if that amendment is not approved by the voters, this article has no effect.

ARTICLE 2. APPRAISAL OF RESIDENCE HOMESTEADS

SECTION 2.01. Amends Section 23.01, Tax Code, by adding Subsection (c), to require that the market value of a residence homestead be determined solely on the basis of the property's value as a residence homestead, regardless of whether the residential use of the property by the owner is considered to be the highest and best use of the property.

SECTION 2.02. Makes application of this article contingent upon approval by the voters of the constitutional amendment authorizing the legislature to provide for the ad valorem taxation of a residence homestead solely on the basis of the property's value as a residence homestead. Provides that if that amendment is not approved by the voters, this article has no effect.

ARTICLE 3. TAXPAYER OMBUDSMAN

SECTION 3.01. Amends Section 6.04(d), Tax Code, to require that reasonable time be provided during each appraisal district board of directors meeting for public comment on appraisal district and appraisal review board policies and procedures, and a report from the taxpayer ombudsman, rather than liaison officer, if one is required by Section 6.052 (Taxpayer Liaison Officer).

SECTION 3.02. Amends Section 6.052, Tax Code, as follows:

Sec. 6.052. New heading: TAXPAYER OMBUDSMAN. (a) Requires the board of directors for an appraisal district created for a county with a population of more than 50,000, rather than 125,000, to appoint a taxpayer ombudsman who is required to serve at the pleasure of the board. Requires the taxpayer ombudsman to administer certain public access functions and is responsible for resolving certain disputes. Makes conforming changes.

(b) Requires the taxpayer ombudsman, rather than authorizes the liaison officer, to provide information and materials designed to assist property owners in understanding the appraisal process, protest procedures, and related matters.

(c) Makes a conforming change.

(d) Makes a conforming change.

(d-1) Requires the appraisal review board to provide the taxpayer ombudsman with the contact information of each property owner who files a notice of protest under Chapter 41 (Local Review) with the board. Requires the taxpayer ombudsman, on receipt of the information, to contact the property owner to inform the property owner of the services provided by the ombudsman and provide the business address and telephone number of the ombudsman.

(e) Provides that the chief appraiser or any other person who provides appraisal services for the district for compensation is not eligible to be the taxpayer ombudsman for the appraisal district.

ARTICLE 4. STUDIES CONDUCTED BY COMPTROLLER

SECTION 4.01. Amends Sections 403.3011(1), (2), and (4), Government Code, to redefine "study," "eligible school district," and "state value."

SECTION 4.02. Amends Section 403.302, Government Code, by amending Subsections (a), (c), (c-1), (f), (h), (i), and (l) and by adding Subsections (a-1), (a-2), and (m)-(o), as follows:

(a) Requires the comptroller of public accounts (comptroller) to conduct a study, rather than an annual study, using comparable sales and generally accepted auditing and sampling techniques to determine the total taxable value of all property in each school district.

(a-1) Requires the comptroller to conduct a study at least every two years in each school district for which the most recent study resulted in a determination by the comptroller that the school district's local value was valid; and each year in a school district for which the most recent study resulted in a determination by the comptroller that the school district's local value was not valid.

(a-2) Provides that if in any year the comptroller does not conduct a study, the school district's local value for that year is considered to be valid.

(c) Makes a conforming change.

(c-1) Makes a conforming change.

(f) Requires that the study determine the values as of January 1 of each year for a school district in which a study was conducted according to the results of the study and for a school district in which a study was not conducted according to the market value determined by the appraisal district that appraises property for the district, less the amounts specified by Subsection (d) (regarding the definition of "taxable value").

(h) Makes conforming changes.

(i) Makes conforming changes.

(l) Provides that if after conducting the study for a year, rather than if after conducting the annual study for the year 2003 or a subsequent year, the comptroller determines that a school district is an eligible school district, for that year and the following year the taxable value for the school district is the district's local value. Deletes existing text requiring the comptroller, not later than the first anniversary of the date of the determination that a school district is an eligible school district, to complete an appraisal standards review as provided by Section 5.102 (Review of Appraisal Standards), Tax Code, of each appraisal district that appraises property for the school district.

(m) Creates the Comptroller's Property Value Study Advisory Committee (committee). Sets forth the composition of the committee.

(n) Provides that Chapter 2110 (State Agency Advisory Committees) does not apply to the size, composition, or duration of the committee.

(o) Requires the comptroller to adopt rules governing the conduct of the study after consultation with the committee.

SECTION 4.03. Amends the heading to Section 403.304, Government Code, to read as follows:

Sec. 403.304. COOPERATION WITH COMPTROLLER; CONFIDENTIALITY.

SECTION 4.04. Amends Section 403.304, Government Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Requires a school district, appraisal district, or other governmental entity in this state to promptly comply with an oral or written request from the comptroller for information to be used in conducting a study, including information that is made confidential by Chapter 552 (Public Information) of this code, Section 22.27 (Confidential Information), Tax Code, or another law of this state.

(a-1) Creates this subsection from existing text. Provides that all information the comptroller obtains from a person, other than a government or governmental subdivision or agency, under an assurance that the information will be kept confidential, in the course of conducting a study, rather than a study of school district values, is confidential and prohibited from being disclosed except as provided in Subsection (b) (regarding certain circumstances when certain information made confidential is authorized to be disclosed).

SECTION 4.05. Amends Section 5.07(c), Tax Code, to make a conforming change.

SECTION 4.06. Amends Section 5.10(a), Tax Code, to require the comptroller, at least once every two years, to conduct a study in each appraisal district to determine the degree of uniformity of and the median level of appraisals by the appraisal district within each major category of property. Makes conforming and nonsubstantive changes.

SECTION 4.07. Amends Section 5.102, Tax Code, as follows:

Sec. 5.102. New heading: REVIEW OF APPRAISAL DISTRICTS. (a) Requires the comptroller, at least once every two years, to review the governance of each appraisal district, taxpayer assistance provided, and the operating and appraisal standards, procedures, and methodology used by each appraisal district to determine compliance with generally accepted standards, procedures, and methodology. Authorizes the comptroller by rule, after consultation with the advisory committee created under Section 403.302 (Determination of School District Property Values), Government Code, to establish procedures and standards for conducting and scoring the review. Deletes existing text requiring the comptroller to review appraisal standards, procedures, and methodology used by each appraisal district that appraises property for an eligible school district as defined by Section 403.3011 (Definitions), Government Code, to determine compliance with generally accepted appraisal standards and practices. Makes nonsubstantive changes.

(b) Entitles the comptroller, in conducting the review, to access all records and reports of the appraisal district, to copy or print any record or report of the appraisal district, and to the assistance of the appraisal district's officers and employees.

(c) Requires the comptroller, at the conclusion of the review, in writing, to notify the appraisal district concerning its performance in the review. Makes conforming changes.

(d) Requires the comptroller, if the appraisal district fails to comply with the recommendations in the report and the comptroller finds that the board of directors of the appraisal district failed to take remedial action reasonably designed to ensure substantial compliance with each recommendation in the report before the first anniversary of the date the report was issued, to notify the Board of Tax Professional Examiners (TBTPE), or a successor to TBTPE, which is required to take action necessary to ensure that the recommendations in the report are implemented as soon as practicable. Deletes existing text requiring the comptroller, if the appraisal district fails to comply with the recommendations in the report and the comptroller finds that the board of directors of the appraisal district failed to take remedial action before the first anniversary of the date the report was issued, to notify the judge of each district court in the county for which the appraisal district is established, who is required to appoint a board of conservators consisting of five members to implement the recommendations. Deletes existing text requiring the board of conservators to exercise supervision and control over the operations of the appraisal district until the comptroller determines under Section 403.302, Government Code, that in the same year the taxable value of each school district for which the appraisal district appraises property is the local value for the school district. Deletes existing text requiring the appraisal district to bear the costs related to the supervision and control of the district by the board of conservators.

(e) Requires TBTPE, before February 1 of the year following the year in which TBTPE, or its successor, takes action under Subsection (d), and with the assistance of the comptroller, to determine whether the recommendations in the most recent report have been substantially implemented. Requires the presiding officer of TBTPE to notify the chief appraiser and the board of directors of the appraisal district in writing of TBTPE's determination.

SECTION 4.08. Amends Sections 5.12(a), (d), and (e), Tax Code, as follows:

(a) Requires the comptroller to audit the performance of an appraisal district if one or more of certain conditions exist according to each two consecutive studies conducted by the comptroller under Section 5.10, rather than Section 5.10 of this code, regardless of whether the prescribed condition or conditions that exist are the same for each of those studies. Makes a conforming change.

(d) Prohibits a request for a performance audit of an appraisal district from being made under Subsection (b) (regarding the comptroller having the authority to audit the performance of an appraisal district with the written request of the governing bodies of a majority of the taxation units participating in an appraisal district) or (c) (regarding the requirement that the comptroller has the authority to audit the performance of an appraisal district with the written request of owners of not less than 10 percent of the number of accounts or parcels of property in an appraisal district), if according to each of the two most recently published studies conducted by the comptroller under Section 5.10 certain conditions have been met. Makes conforming changes.

(e) Prohibits a request for a performance audit of an appraisal district from being made under Subsection (b) or (c) during a year in which the comptroller is conducting a review of the district under Section 5.102 (Review of Appraisal Standards). Makes conforming and nonsubstantive changes.

SECTION 4.09. Amends Section 5.13(a), Tax Code, to make conforming changes.

SECTION 4.10. Amends Section 41A.12, Tax Code, to make a conforming change.

SECTION 4.11. Repealers: Sections 5.101 (Technical Advisory Committee) and 5.12(g) (regarding certain consideration of the results from an annual study conducted for a tax year before 1989), Tax Code.

SECTION 4.12. Requires the speaker of the house of representatives, lieutenant governor, and comptroller, as soon as possible after the effective date of this Act, to appoint members to the committee in accordance with Section 403.302(m), Government Code, as added by this Act.

SECTION 4.13. Makes application of the changes in law made by this Article to a study conducted under Section 5.10, Tax Code, or Section 403.302, Government Code, or to a review conducted under Section 5.102, Tax Code, prospective to January 1, 2009.

ARTICLE 5. SETTING OF SCHOOL DISTRICT TAX RATES

SECTION 5.01. Amends Section 26.04, Tax Code, by adding Subsection (d-1), as follows:

(d-1) Provides that this subsection applies only to a school district. Provides that, notwithstanding Subsections (a), (b), and (c) (regarding certain procedures the assessor for a taxing unit is required to undertake in determining the effective tax rate and the rollback tax rate for a unit), on receipt of the estimate of the taxable value of property in the district under Section 26.01(e) (regarding the chief appraiser preparing and certifying an estimate of the taxable value of property for certain taxing units), the assessor for the district is required to determine an estimate of the values specified in Subsection (a) for the district using the estimated value provided under Section 26.01(e); and submit an appraisal roll to the governing body of the district showing an estimate of each item of information specified by Subsection (b), using the estimated values provided under Section 26.01(e) and determined under Paragraph A (regarding the determination of an estimate of the values specified in Subsection (a) for the district in using the estimated value provided under Section 26.01(e)); and requires an officer or employee designated by the governing body of the school district to calculate the effective tax rate and the rollback tax rate for the district using the estimates described by Subdivision (1) (regarding certain estimates the assessor of the district is required to determine and submit to the governing body of the district).

SECTION 5.02. Amends Section 26.05, Tax Code, by adding Subsection (a-1), to provide that this subsection applies only to a school district. Requires the governing body of the school district to adopt a tax rate for the current tax year before the later of September 30 or the 60th day after the date the estimate of the taxable value of property in the district is received under Section 26.01(e) using the values estimated under that section and Section 26.04(d-1).

ARTICLE 6. SUITS AGAINST APPRAISAL DISTRICTS AND APPRAISAL REVIEW BOARDS

SECTION 6.01. Amends Section 43.01, Tax Code, as follows:

Sec. 43.01. **AUTHORITY TO BRING SUIT.** (a) Creates this subsection from existing text.

(b) Authorizes a person to sue an appraisal district or appraisal review board to compel the appraisal district or appraisal review board to comply with the provisions of this title, rules of the comptroller, or other applicable law if the failure to comply causes or will cause substantial economic harm to or denial of a statutory or constitutional right of that person. Requires a person bringing an action under this subsection to pay \$500 into the registry of the court. Requires the court to distribute that amount to the prevailing party on entry of final judgment in the action.

(c) Requires the court, if the party bringing an action under this section prevails on the merits, to enter an order compelling the appraisal district or appraisal review board to comply with the applicable law and ordering that the prevailing party recover its court costs and reasonable attorney's fees.

(d) Provides that this section applies only to a matter that may not be the subject of a motion under Section 25.25(c) (regarding the appraisal review board having the authorization to direct changes in the appraisal roll for any five preceding

years to correct certain actions) or (d) (regarding a property owner or chief appraiser having the authorization to file a motion with the appraisal review board to change the appraisal roll to correct an error that resulted in an incorrect appraised value for the owner's property) or a protest or challenge under Chapter 41 (Local Review).

ARTICLE 7. COMMUNICATIONS WITH APPRAISAL REVIEW BOARD MEMBERS

SECTION 7.01. Amends Section 6.411(c), Tax Code, to provide that except for communications described under Section 41.66(f)(3), this section does not apply to communications that do not discuss the specific evidence, argument, facts, merits, or property involved in a hearing currently pending before the appraisal review board or to communications between the board and its legal counsel.

SECTION 7.02. Amends Section 41.66(f), Tax Code, to prohibit a member of the appraisal review board from communicating with another person concerning a factual or hypothetical situation that is substantially similar to a situation that is the subject of the protest, except during the hearing on the protest. Makes nonsubstantive changes.

SECTION 7.03. (a) Makes application of this Article prospective.

(b) Provides that an offense committed before the effective date of this article is covered by the law in effect when the offense was committed, and the former law is continued in effect for that purpose.

ARTICLE 8. APPOINTMENT OF APPRAISAL REVIEW BOARD MEMBERS

SECTION 8.01. Amends Sections 6.41(d), (e), and (f), Tax Code, as follows:

(d) Provides that the members of the appraisal review board are appointed by the taxing units that participate in the appraisal district in the manner provided by Section 6.03 (Board of Directors) for appointment of the members of the appraisal district board of directors. Deletes existing text providing that the members of the appraisal review board are appointed by resolution of a majority of the appraisal district board of directors.

(e) Requires the taxing units that participate in the appraisal district, rather than the board of directors, in making the initial or subsequent appointments, to designate those members who serve terms of one year as needed to comply with this subsection.

(f) Authorizes a member of the appraisal review board to be removed from the board by the taxing units that participate in the appraisal district in the manner provided by Section 6.033 (Recall of Director) for the recall of a member of the appraisal district board of directors. Deletes existing text authorizing a member of the board to be removed from the board by a majority vote of the appraisal district board of directors.

SECTION 8.02. (a) Requires appraisal review board members to be appointed under Section 6.41, Tax Code, as amended by this article, beginning in 2010. Provides that members then appointed take office January 1, 2011.

(b) Provides that the change in the manner of appointment of appraisal review board members made by Section 6.41, Tax Code, as amended by this article, does not affect the appointment of members who serve on the board before January 1, 2011.

(c) Provides that the term of an appraisal review board member serving on December 31, 2010, expires January 1, 2011.

ARTICLE 9. RESTRICTION ON AUTHORITY OF APPRAISAL REVIEW BOARD TO RETAIN LEGAL COUNSEL.

SECTION 9.01. Amends Section 6.43, Tax Code, as follows:

Sec. 9.01. PERSONNEL. (a) Creates this subsection from existing text.

(b) Prohibits the appraisal review board from employing or retaining a person to serve as legal counsel for the board if the person serves as legal counsel for the appraisal district or chief appraiser. Provides that this subsection does not prevent the appraisal review board from using the services of the county attorney as authorized by Subsection (a).

ARTICLE 10. PILOT PROGRAM IN CERTAIN COUNTIES

SECTION 10.01. Amends Chapter 2003, Government Code, by adding Subchapter Z, as follows:

SUBCHAPTER Z. PILOT PROGRAM: APPEALS FROM APPRAISAL REVIEW BOARD DETERMINATIONS IN CERTAIN COUNTIES

Sec. 2003.901. PILOT PROGRAM. (a) Requires the State Office of Administrative Hearings (SOAH), not later than January 1, 2010, to develop a pilot program under which, as an alternative to filing an appeal under Section 42.01 (Right of Appeal by Property Owner), Tax Code, a property owner is authorized to appeal to SOAH an appraisal review board order determining a protest concerning the appraised or market value of property brought under Section 41.41(a)(1) or (2) (regarding the certain actions a property owner is entitled to protest before the appraisal review board), Tax Code, if the appraised or market value, as applicable, of the property that was the subject of the protest, as determined by the appraisal review board order, is more than \$1 million.

(b) Requires that the pilot program be developed and implemented in conformance with the provisions of this subchapter.

Sec. 2003.902. COUNTIES INCLUDED. Requires that the pilot program be implemented in Bexar, Dallas, El Paso, Harris, Tarrant, and Travis Counties for a three-year period beginning with the ad valorem tax year that begins January 1, 2010.

Sec. 2003.903. APPLICABILITY TO REAL AND PERSONAL PROPERTY. Requires that the pilot program be applicable to a determination of the appraised or market value made by an appraisal review board in connection with real or personal property, other than industrial property or minerals.

Sec. 2003.904. EDUCATION AND TRAINING OF ADMINISTRATIVE LAW JUDGES. (a) Requires an administrative law judge assigned to hear an appeal brought under this subchapter to have knowledge of each of the appraisal methods a chief appraiser may use to determine the appraised value or the market value of property under Chapter 23 (Appraisal Methods and Procedures), Tax Code; and the proper method for determining an appeal of a protest, including a protest brought on the ground of unequal appraisal.

(b) Entitles an administrative law judge to attend one or more training and education courses under Sections 5.04 (Training and Education of Appraisers) and 5.041 (Training of Appraisal Review Board Members), Tax Code, to receive a copy of the materials used in a course, or both, without charge.

Sec. 2003.905. NOTICE OF APPEAL TO OFFICE. (a) Requires a property owner, to appeal an appraisal review board order to SOAH under this subchapter, to file with the chief appraiser of the appraisal district not later than the 15th day after the date the property owner receives notice of the order a completed notice of appeal to SOAH in the form prescribed by Section 2003.906, and a filing fee in the amount of \$300, made payable to SOAH.

(b) Requires the chief appraiser for the appraisal district, as soon as practicable after receipt of a notice of appeal, to indicate, where appropriate, those entries in the records that are subject to the appeal; submit the notice of appeal and filing

fee to SOAH; and request the appointment of a qualified administrative law judge to hear the appeal.

Sec. 2003.906. CONTENTS OF NOTICE OF APPEAL. Requires the chief administrative law judge by rule to prescribe the form of a notice of appeal under this subchapter. Requires that the form require the property owner to provide a copy of the order of the appraisal review board; a brief statement that explains the basis for the property owner's appeal of the order; and a statement of the property owner's opinion of the appraised or market value, as applicable, of the property that is the subject of the appeal.

Sec. 2003.907. NOTICE OF PROPERTY OWNERS. Provides that an appraisal review board of an appraisal district established in a county listed in Section 2003.902 that delivers notice of issuance of an order described by Section 2003.901 of this code pertaining to property described by Section 2003.903 of this code and a copy of the order to a property owner as required by Section 41.47 (Determination of Protest), Tax Code, is required to include with the notice and copy a notice of the property owner's rights under this subchapter and a copy of the notice of appeal prescribed by Section 2003.906.

Sec. 2003.908. DESIGNATION OF ADMINISTRATIVE LAW JUDGE. (a) Requires SOAH, as soon as practicable after SOAH receives a notice of appeal and the filing fee, to designate an administrative law judge to hear the appeal.

(b) Requires the administrative law judge, as soon as practicable after the administrative law judge is designated, to set the date, time, and place of the hearing on the appeal.

(c) Requires that the hearing be held in a building or facility that is owned or partly or entirely leased by SOAH and located in the county in which the applicable appraisal district is established, except that if SOAH does not own or lease a building or facility in the county, the hearing is authorized to be held in any public or privately owned building or facility in that county, preferably a building or facility in which SOAH regularly conducts business. Prohibits the building from being held in a building or facility that is owned, leased, or under the control of the appraisal district.

Sec. 2003.909. SCOPE OF APPEAL. Provides that an appeal is by trial de novo. Prohibits the administrative law judge from admitting into evidence the fact of previous action by the appraisal review board, except as otherwise provided by this subchapter.

Sec. 2003.910. REPRESENTATION OF PARTIES. (a) Authorizes a property owner to be represented at the hearing by the property owner, an attorney who is licensed in this state, a certified public accountant, or any other person who is not otherwise prohibited from appearing in a hearing held by SOAH.

(b) Authorizes the appraisal district to be represented by the chief appraiser or a person designated by the chief appraiser.

Sec. 2003.911. DETERMINATION OF ADMINISTRATIVE LAW JUDGE. (a) Requires the administrative law judge, as soon as practicable, but not later than the 30th day after the date the hearing is concluded, to issue a determination and send a copy to the property owner and the chief appraiser.

(b) Provides that the determination is required to include a determination of the appraised or market value, as applicable, of the property that is the subject of the appeal; is required to state the administrative law judge's rationale for the determination of value; is authorized to include any remedy or relief a court is authorized to order under Chapter 42 (Judicial Review), Tax Code, in an appeal relating to the appraised or market value of property; and is required to specify whether the appraisal district or the property owner is required to pay the costs of the hearing and the amount of those costs.

(c) Provides that if the administrative law judge determines that the appraised or market value, as applicable, of the property that is the subject of the appeal is nearer to the property owner's opinion of the appraised or market value, as applicable, of the property as stated in the request for the hearing submitted by the property owner than the value determined by the appraisal review board, SOAH, the appraisal district, and the chief appraiser are required to take certain actions.

(d) Provides that if the administrative law judge determines that the appraised or market value, as applicable, of the property that is the subject of the appeal is not nearer to the property owner's opinion of the appraised or market value, as applicable, of the property as stated in the property owner's request for a hearing than the value determined by the appraisal review board, SOAH, the chief appraiser, and the property owner are required to take certain actions.

(e) Authorizes SOAH, notwithstanding Subsection (a), by rule to implement a process under which the administrative law judge issues a proposal for determination to the parties, the parties are given a reasonable period in which to make written objections to the proposal, and the administrative law judge is authorized to take into account those written objections before issuing a final determination.

Sec. 2003.912. PAYMENT OF TAXES PENDING APPEAL. (a) Provides that the pendency of an appeal to SOAH does not affect the delinquency date for the taxes on the property subject to the appeal. Requires a property owner who appeals an appraisal review board order to SOAH to pay taxes on the property subject to the appeal in an amount equal to the amount of taxes due on the portion of the taxable value of the property that is not in dispute. Requires that each taxing unit, if the final determination of the appeal decreases the property owner's tax liability to an amount less than the amount of taxes paid, to refund to the property owner the difference between the amount of taxes paid and the amount of taxes for which the property owner is liable.

(b) Prohibits a property owner from appealing to SOAH if the taxes on the property subject to the appeal are delinquent. Requires an administrative law judge who determines that the taxes on the property subject to an appeal are delinquent to dismiss the pending appeal with prejudice. Requires SOAH, if an appeal is dismissed under this subsection, to retain the property owner's filing fee.

Sec. 2003.913. JUDICIAL APPEAL. (a) Authorizes a final order of an administrative law judge determining an appeal brought under this subchapter to be appealed to a district court in the manner provided by Chapter 42, Tax Code, except that a party is not entitled to a jury trial.

(b) Prohibits a chief appraiser from bringing an appeal unless the board of directors of the appraisal district votes to allow the appeal.

(c) Provides that, except as provided by Section (a), to the extent that they can be made applicable, the provisions of Chapter 42, Tax Code, also apply to an appeal of a final order of an administrative law judge determining an appeal brought under this subchapter.

Sec. 2003.914. EFFECT ON RIGHT TO JUDICIAL APPEAL. Provides that an appeal to SOAH under this subchapter does not prevent the property owner from seeking judicial review of the order of the appraisal review board. Provides that the period in which a petition for review is required to be filed under Section 42.21 (Petition of Review), Tax Code, is tolled beginning on the date the notice of appeal under this subchapter is filed and ending on the date the administrative law judge issues the judge's determination.

Sec. 2003.915. REPORT TO LEGISLATURE. Requires SOAH and the chief appraisers of the appraisal districts established in the counties in which the pilot program is

implemented, not later than January 1, 2013, to submit a report to the legislature that includes the number of appeals for property in each appraisal district, the number of appeals that were settled before being heard by an administrative law judge, the number of appeals brought on the ground of excessive appraisal, the number of appeals brought on the ground of unequal appraisal, the number of judicial appeals of an administrative law judge's determination for each appraisal district, and any recommendations for future legislative action that SOAH or the chief appraisers consider appropriate.

Sec. 2003.916. EXPIRATION. Provides that this subchapter expires January 1, 2013.

ARTICLE 11. APPLICABILITY; EFFECTIVE DATE

SECTION 11.01. Provides that this Act applies only to an ad valorem tax year that begins on or after the effective date of this Act.

SECTION 11.02. Effective date: January 1, 2010.