

BILL ANALYSIS

Senate Research Center

C.S.H.B. 988
By: Shine et al. (Hancock)
Local Government
5/19/2021
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Concerns have been raised that a number of appraisal districts and appraisal review boards too often choose not to follow certain procedural requirements applicable to taxpayers' protests of their property taxes. H.B. 988 seeks to address this issue by providing taxpayers with the option to bring suit to compel these entities to comply with the applicable requirements. H.B. 988 also includes a 10-day notice window to allow the district, chief appraiser, or appraisal review board an opportunity to comply before the suit could be filed.

(Original Author's / Sponsor's Statement of Intent)

C.S.H.B. 988 amends current law relating to ad valorem taxation and creates a criminal offense.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 5.103, Tax Code, by amending Subsection (d) and adding Subsection (e), as follows:

(d) Requires an appraisal review board (ARB) to incorporate the model hearing procedures prepared by the Comptroller of Public Accounts of the State of Texas (comptroller) when adopting the ARB's procedures for hearings as required by Section 41.01(c). Authorizes an ARB to adopt procedures that supplement the model hearing procedures, provided that the supplemental procedures do not contradict or circumvent the model hearing procedures.

(e) Requires the comptroller each year to review the hearing procedures adopted by each ARB to determine whether the hearing procedures incorporate the model hearing procedures prepared by the comptroller under Section 5.103 (Appraisal Review Board Oversight).

Deletes existing text requiring an ARB to follow the model hearing procedures prepared by the comptroller when establishing its procedures for hearings as required by Section 41.66(a) (relating to requiring an ARB to establish by rule the procedures for hearings regarding a review of appraisal records and taxpayer protests).

SECTION 2. Amends Section 5.104(l), Tax Code, as follows:

(l) Requires that the annual report issued by the comptroller that summarizes the information included in the surveys submitted during the preceding tax year also include a summary of the comments, complaints, and suggestions forwarded to the comptroller during the preceding tax year by taxpayer liaison officers under Section 6.052(a), the results of the comptroller's review of appraisal review board hearing procedures during the preceding tax year under Section 5.103(e), and the results of requests for limited binding arbitration filed with the comptroller during the preceding tax year under Section

41A.015. Prohibits the report from disclosing the identity of an individual who submitted a survey, comment, complaint, suggestion, or request for arbitration.

SECTION 3. Amends Section 6.03, Tax Code, by amending Subsection (k) and adding Subsection (k-1), as follows:

(k) Creates an exception under Subsection (k-1) to the requirement that the governing body of each taxing unit entitled to vote determine its vote by resolution and submit it to the chief appraiser before December 15. Makes a nonsubstantive change.

(k-1) Provides that this subsection applies only to an appraisal district established in a county with a population of 120,000 or more. Requires the governing body of each taxing unit entitled to cast at least five percent of the total votes to determine its vote by resolution adopted at the first or second open meeting of the governing body that is held after the date the chief appraiser delivers the ballot to the presiding officer of the governing body. Requires the governing body to submit its vote to the chief appraiser not later than the third day following the date the resolution is adopted.

SECTION 4. Amends Section 6.052, Tax Code, by amending Subsections (a), (b), and (c) and adding Subsection (g), as follows:

(a) Provides that the taxpayer liaison officer is responsible for certain actions, including receiving and compiling a list of complaints filed by the chief appraiser, a property owner, or a property owner's agent concerning certain matters. Requires the taxpayer liaison officer to forward to the comptroller comments, complaints, and suggestions filed under this subsection in the form and manner prescribed by the comptroller not later than December 31 of each year. Makes a conforming change.

(b) and (c) makes conforming changes to these subsections.

(g) Provides that, notwithstanding any other provision of Chapter 6 (Local Administration), a taxpayer liaison officer does not commit an offense under this chapter if the officer communicates with the chief appraiser or another employee or agent of the appraisal district, a member of the ARB established for the appraisal district, a member of the board of directors of the appraisal district, a property tax consultant, a property owner, an agent of a property owner, or another person if the communication is made in the good faith exercise of the officer's statutory duties.

SECTION 5. Amends Subchapter A, Chapter 6, Tax Code, by adding Section 6.155, as follows:

Sec. 6.155. CERTAIN COMMUNICATIONS BY TAXING UNITS PROHIBITED; PENALTY. (a) Provides that a member of the governing body, officer, or employee of a taxing unit commits an offense if the person directly or indirectly communicates with the chief appraiser or another employee of the appraisal district in which the taxing unit participates for the purpose of influencing the value at which property in the district is appraised unless the person owns or leases the property that is the subject of the communication.

(b) Provides that an offense under this section is a Class A misdemeanor.

SECTION 6. Amends Section 11.252(d), Tax Code, as follows:

(d) Requires that the form to be completed by the lessee of a motor vehicle require certain lessees to certify, either under oath or by written, unsworn declaration, that the lessee does not hold the vehicle for the production of income and that the vehicle is used primarily for activities that do not involve the production of income.

SECTION 7. Amends Section 11.253, Tax Code, by adding Subsections (l) and (m), as follows:

(l) Provides that this subsection applies only to a taxing unit any part of which is located in an area designated a disaster area by a disaster declaration issued under Section 418.014 (Declaration of State of Disaster) or 418.108 (Declaration of Local Disaster), Government Code, on or after January 1, 2020. Authorizes the governing body of a taxing unit, in the manner provided by law for official action, notwithstanding certain subsections, to extend the date by which goods-in-transit are required to be transported to another location in this state or outside this state to a date not later than the 270th day after the date the person acquired the property in or imported the property into this state. Provides that an extension adopted by official action under this subsection applies only to the exemption from ad valorem taxation by the taxing unit adopting the extension and to the tax year in which the extension is adopted.

(m) Provides that this subsection and Subsection (l) expire December 31, 2025.

SECTION 8. Amends Sections 21.021(a) and (b), Tax Code, as follows:

(a) Provides that, except as otherwise provided by Section 21.031(b-2), a vessel or other watercraft used as an instrumentality of commerce, as defined by Section 21.031 (Allocation of Taxable Value of Vessels and Other Watercraft Used Outside This State), rather than in Section 21.031(b) of this code, is taxable pursuant to Section 21.02 (Tangible Personal Property Generally). Makes nonsubstantive changes.

(b) Makes conforming and nonsubstantive changes to this subsection.

SECTION 9. Amends Section 21.031, Tax Code, by amending Subsection (b) and adding Subsections (b-1), (b-2), (b-3), and (i), as follows:

(b) Requires the appraisal office to make the allocation of taxable value of vessels and other watercraft used outside this state as provided by Subsections (b-1), (b-2), and (b-3).

(b-1) Creates this subsection from existing text. Creates an exception under Subsection (b-2) to the determination of the allocable portion of the total fair market values of a vessel or other watercraft used as an instrumentality of commerce that is taxable in this state. Deletes existing text defining "vessel or other watercraft used as an instrumentality of commerce" for this section. Makes nonsubstantive changes.

(b-2) Authorizes a property owner that operates a fleet of vessels or other watercraft that are used as instrumentalities of commerce to elect in writing submitted to the appraisal office to have the appraisal office make the allocation under this subsection. Provides that if the property owner makes the election, the allocable portion of the total fair market value of a vessel or other watercraft that is part of the property owner's fleet, is used as an instrumentality of commerce, is taxable in this state, and has taxable situs at a location in the appraisal district is determined by multiplying the total fair market value of the vessel or other watercraft by a fraction, the numerator of which is the number of miles that all the vessels or other watercraft of the property owner's fleet that are used as instrumentalities of commerce, are taxable in this state, and have taxable situs at a location in the same appraisal district as the vessel or other watercraft the value of which is allocated under this subsection were operated in this state during the year preceding the tax year and the denominator of which is the total number of miles that all the vessels or other watercraft of the property owner's fleet that are used as instrumentalities of commerce, are taxable in this state, and have taxable situs at a location in the same appraisal district as the vessel or other watercraft the value of which is allocated under this subsection were operated during the year preceding the tax year. Authorizes a property owner that elects to have the appraisal office make the allocation of the property owner's fleet under this subsection, notwithstanding Sections 21.02 and 21.021 (Vessels and Other Watercraft), to designate the location of the property owner's principal place of business as the taxable situs of the fleet.

(b-3) Creates this subsection from existing text. Deletes existing text defining "special-purpose vessel or other watercraft not used as an instrumentality of commerce" for this section.

(i) Defines "special-purpose vessel or other watercraft not used as an instrumentality of commerce" and "vessel or other watercraft used as an instrumentality of commerce" for this section.

SECTION 10. Amends Section 25.02, Tax Code, by adding Subsections (c), (d), (e), (f), and (g), as follows:

(c) Requires that each appraisal record have a unique account number. Requires the appraisal district, if an appraisal district changes the account number of an appraisal record, to provide written notice of the change to the property owner as soon as practicable after the change and provide notice of the change in the next notice of appraised value of the property included in the record that is delivered to the property owner under Section 25.19 (Notice of Appraised Value).

(d) Provides that this subsection does not apply to an appraisal record for a residential property, for an improvement only, or for a property on which a delinquent tax is due. Requires the chief appraiser, on the written request of a property owner, to combine contiguous parcels or tracts of the owner's real property into a single appraisal record. Requires the chief appraiser, on the written request of a property owner, to separate identifiable segments of the owner's parcel or tract of real property into individual appraisal records.

(e) Requires a property owner to make a request under Subsection (d) before January 1 of the tax year for which the requested change to the appraisal records is to be made. Requires that the request contain a legal description as contained in a deed sufficient to describe the property subject to the request.

(f) Authorizes the ARB, if a chief appraiser refuses to combine parcels or tracts, or separate a parcel or tract, on request of a property owner under Subsection (d), to order the requested change on a motion filed by the property owner under Section 25.25 (Correction of Appraisal Roll) or a protest filed under Chapter 41 (Local Review).

(g) Provides that the combination of contiguous parcels or tracts of real property into a single appraisal record or the separation of identifiable segments of a parcel or tract of real property into individual appraisal records under Section 25.02 (Form and Content) does not affect the application of generally accepted appraisal methods and techniques to the appraisal of real property associated with those appraisal records, including real property that is part of the same economic unit as real property contained in the same or another appraisal record.

SECTION 11. Amends Section 25.19(b), Tax Code, as effective January 1, 2022, as follows:

(b) Requires the chief appraiser to separate real from personal property and include in the notice for each certain information, including an explanation of the availability and purpose of an informal conference with the appraisal office before a hearing on a protest. Makes nonsubstantive changes.

SECTION 12. Amends Section 25.19, Tax Code, by adding Subsections (m) and (n), as follows:

(m) Prohibits the chief appraiser from delivering a corrected or amended notice of appraised value later than June 1 for property for which a person files a rendition statement or property report as required by Chapter 22 (Renditions and Other Reports) unless the purpose of the notice is to include omitted property or to correct a clerical error.

(n) Requires the chief appraiser, as soon as practicable after delivering a notice required by this section to a property owner, to post the notice on the appraisal district's Internet website, if the appraisal district maintains a website, as part of the appraisal record pertaining to the property.

SECTION 13. Amends Section 31.11(h), Tax Code, as follows:

(h) Provides that Section 31.11 (Refunds of Overpayments or Erroneous Payments) does not apply to an overpayment caused by a change of exemption status or correction of a tax roll, including an overpayment received after a correction of a tax roll as a result of an appeal under Chapter 42 (Judicial Review).

SECTION 14. Amends Section 41.01, Tax Code, by adding Subsections (c), (d), and (e), as follows:

(c) Requires the ARB by rule to adopt procedures for hearings the board conducts under Subchapter A (Review of Appraisal Records by Appraisal Review Board) and Subchapter C (Taxpayer Protest). Requires the ARB, before adopting the hearing procedures, to hold a public hearing to consider the hearing procedures proposed for adoption by the ARB. Requires the ARB, not later than May 15 of each year, to hold the hearing, make any amendments to the proposed hearing procedures the ARB determines are necessary, and by resolution finally adopt the hearing procedures. Requires the ARB to comply with Section 5.103(d) when adopting the hearing procedures. Provides that the chairman of the ARB is responsible for the administration of hearing procedures adopted by the ARB.

(d) Requires the ARB to distribute copies of the hearing procedures adopted by the ARB to the board of directors of, and the taxpayer liaison officer for, the appraisal district for which the ARB is established and to the comptroller not later than the 15th day after the date the ARB adopts the hearing procedures.

(e) Requires the ARB to post a copy of the hearing procedures adopted by the ARB in a prominent place in each room in which the ARB conducts hearings under this subchapter and Subchapter C, and if the appraisal district for which the ARB is established maintains an Internet website, on the appraisal district's website.

SECTION 15. Amends Section 41.44(d), Tax Code, as follows:

(d) Requires that the form containing information regarding a notice of protest by a property owner permit a property owner to request that the protest be heard by a single-member panel authorized by Section 41.45(b-4).

SECTION 16. Amends Subchapter C, Chapter 41, Tax Code, by adding Section 41.445, as follows:

Sec. 41.445. INFORMAL CONFERENCE BEFORE HEARING ON PROTEST. Requires the appraisal office to hold an informal conference with each property owner who files a notice of protest with the ARB and requests an informal conference. Requires that an informal conference be held before the hearing on the protest.

SECTION 17. Amends Section 41.45, Tax Code, by amending Subsections (b-1), (d), (d-2), and (d-3) and adding Subsections (b-4) and (b-5), as follows:

(b-1) Deletes existing text requiring an ARB to conduct a hearing on a protest by telephone conference call if the ARB proposes that the hearing be conducted by telephone conference call and the property owner agrees to the hearing being conducted in that manner. Makes nonsubstantive changes.

(b-4) Requires an ARB to sit in a single-member panel to conduct a protest hearing under Section 41.45 (Hearing on Protest) if the property owner requests that the hearing be

conducted by a single-member panel in the notice of protest or in writing submitted to the ARB not later than the 10th day before the date of the hearing.

(b-5) Authorizes the ARB, if the recommendation of a single-member panel that conducts a hearing under Subsection (b-4) is not accepted by the ARB, to refer the matter for rehearing to a single-member panel composed of a member who did not hear the original protest or authorizes the ARB to determine the protest.

(d) Provides that this subsection does not apply to a single-member panel established under Subsection (b-4) of this section or a special panel established under Section 6.425 (Special Appraisal Review Board Panels in Certain Districts), rather than a special panel established under Section 6.425.

(d-2) Requires that the determination of a protest heard by a panel under certain subsections, including Subsection (b-4), be made by the ARB. Makes a nonsubstantive change.

(d-3) Makes conforming and nonsubstantive changes to this subsection.

SECTION 18. Amends Section 41.461(a), Tax Code, as follows:

(a) Requires the chief appraiser, at least 14 days before a hearing on a protest, to:

(1) and (2) makes no changes to these subdivisions; and

(3) deliver a copy of the hearing procedures adopted by the ARB under Section 41.01 (Duties of Appraisal Review Board) to the property owner, rather than deliver a copy of the hearing procedures established by the ARB under Section 41.66 (Hearing Procedures) to the property owner.

SECTION 19. Amends Section 41.47, Tax Code, by amending Subsection (c) and adding Subsection (d-1), as follows:

(c) Requires the ARB, if the protest is of the determination of the appraised value of the owner's property, to state in the order certain information relating to the appraised value of the property, listed separately in the case of real property as the appraised value of the land and the appraised value of any improvement to the land as allocated by the chief appraiser.

(d-1) Provides that this subsection applies only to an appraisal district established in a county with a population of 120,000 or more. Provides that the requirements of this subsection are in addition to the requirements of Subsection (d) (relating to requiring the ARB to deliver by certified mail certain information regarding a taxpayer protest). Requires the chief appraiser, on written request submitted to the chief appraiser, to deliver by e-mail, in the manner provided by this subsection, a copy of the notice of issuance of the order and a copy of the order required by Subsection (d) if the property subject to the order is not the subject of an agreement under Section 1.085 (Communication in Electronic Format). Authorizes a request under this subsection to be submitted only by the property owner whose property is subject to the protest for which the order is issued, an attorney representing the property owner, or an individual designated by the property owner under Section 1.111 (Representation of Property Owner). Authorizes a person to include in a single request more than one property owned by the same property owner or multiple properties owned by multiple property owners. Authorizes a person to submit more than one request. Requires a person submitting a request to indicate in the request that the chief appraiser is required to make the delivery to the property owner, an attorney representing the property owner, an individual designated by the property owner under Section 1.111, or a combination of those persons. Requires a person to submit a request before the protest hearing relating to each property included in the request. Requires the chief appraiser to deliver, as provided by this

subsection, a copy of the notice of issuance of the order and a copy of the order required by Subsection (d) not later than the 21st day after the date the ARB issues the order.

SECTION 20. Amends Section 41.66, Tax Code, by amending Subsection (a) and adding Subsection (q), as follows:

(a) Requires the ARB to conduct hearings in accordance with the hearing procedures adopted by the ARB under Section 41.01(c). Deletes existing text requiring the ARB to establish by rule the procedures for hearings it conducts as provided by Subchapters A and C of this chapter. Deletes existing text requiring the ARB to post a copy of the hearing procedures in a prominent place in the room in which the hearing is held.

(q) Authorizes a person who owns property in an appraisal district or the chief appraiser of an appraisal district to file a complaint with the taxpayer liaison officer for the appraisal district alleging that the ARB established for the appraisal district has adopted or is implementing hearing procedures that are not in compliance with the model hearing procedures prepared by the comptroller under Section 5.103 or is not complying with procedural requirements under this chapter. Requires the taxpayer liaison officer to investigate the complaint and report the findings of the investigation to the board of directors of the appraisal district. Requires the board of directors to direct the chairman of the ARB to take remedial action if, after reviewing the taxpayer liaison officer's report, the board of directors determines that the allegations contained in the complaint are true. Authorizes the board of directors to remove the member of the ARB serving as chairman of the ARB from that member's position as chairman if the board determines that the chairman has failed to take the actions necessary to bring the ARB into compliance with Section 5.103(d) or this chapter, as applicable.

SECTION 21. Amends Chapter 41A, Tax Code, by adding Section 41A.015, as follows:

Sec. 41A.015. LIMITED BINDING ARBITRATION TO COMPEL COMPLIANCE WITH CERTAIN PROCEDURAL REQUIREMENTS RELATED TO PROTESTS. (a) Authorizes a property owner who has filed a notice of protest under Chapter 41 to file a request for limited binding arbitration under this section to compel the ARB or chief appraiser, as appropriate, to:

(1) rescind procedural rules adopted by the ARB that are not in compliance with the model hearing procedures prepared by the comptroller under Section 5.103;

(2) schedule a hearing on a protest as required by Section 41.45;

(3) deliver information to the property owner in the manner required by Section 41.461 (Notice of Certain Matters Before Hearing; Delivery of Requested Information);

(4) allow the property owner to offer evidence, examine or cross-examine witnesses or other parties, and present arguments as required by Section 41.66(b) (relating to entitling each party in a hearing regarding a review of appraisal records or a taxpayer protest to present certain arguments);

(5) set a hearing for a time and date certain and postpone a hearing that does not begin within two hours of the scheduled time as required by Section 41.66(i) (relating to requiring that a hearing on a protest filed by a property owner or the designated agent of the owner be set for a certain time and date);

(6) schedule hearings on protests concerning multiple properties identified in the same notice of protest on the same day at the request of the property owner or the property owner's designated agent as required by Section 41.66(j) (relating to requiring an ARB, on request of a property owner, to

schedule hearings on protests concerning up to 20 designated properties to be held consecutively on the same day); or

(7) refrain from using or offering as evidence information requested by the property owner under Section 41.461 that was not delivered to the property owner at least 14 days before the hearing as required by Section 41.67(d) (relating to prohibiting certain information from being used or offered in any form as evidence in a hearing regarding a review of appraisal records or a taxpayer protest).

(b) Prohibits a property owner from filing a request for limited binding arbitration under this section unless:

(1) the property owner has delivered written notice to the chairman of the ARB, the chief appraiser, and the taxpayer liaison officer for the applicable appraisal district by certified mail, return receipt requested, of the procedural requirement with which the property owner alleges the ARB or chief appraiser failed to comply on or before the fifth business day after the date the ARB or chief appraiser was required to comply with the requirement; and

(2) the chairman of the ARB or chief appraiser, as applicable, fails to deliver to the property owner on or before the 10th day after the date the notice is delivered a written statement confirming that the ARB or chief appraiser, as applicable, will comply with the requirement or cure a failure to comply with the requirement.

(c) Provides that, except as otherwise provided by Subtitle F (Remedies), the failure to comply with a procedural requirement listed under Subsection (a) is not a ground for postponement of a hearing on a protest. Authorizes an ARB to cure an alleged failure to comply with a procedural requirement that occurred during a hearing by rescinding the order determining the protest for which the hearing was held and scheduling a new hearing on the protest.

(d) Requires a property owner to request limited binding arbitration under this section by filing a request with the comptroller. Prohibits the property owner from filing the request earlier than the 11th day or later than the 30th day after the date the property owner delivers the notice required by Subsection (b)(1) to the chairman of the ARB, the chief appraiser, and the taxpayer liaison officer for the applicable appraisal district.

(e) Requires that a request for limited binding arbitration under this section be in a form prescribed by the comptroller and be accompanied by an arbitration deposit payable to the comptroller in the amount of:

(1) \$450, if the property that is the subject of the protest to which the arbitration relates qualifies as the property owner's residence homestead under Section 11.13 (Residence Homestead) and the appraised or market value, as applicable, of the property is \$500,000 or less, as determined by the appraisal district for the most recent tax year; or

(2) \$550, for property other than property described by Subdivision (1).

(f) Requires the comptroller to prescribe the form to be used for submitting a request for limited binding arbitration under this section. Requires that the form require the property owner to provide:

(1) a statement that the property owner has provided the written notice required by Subsection (b);

(2) a statement that the property owner has made the arbitration deposit required by this section;

(3) a brief statement identifying the procedural requirement with which the property owner alleges the ARB or chief appraiser, as applicable, has failed to comply;

(4) a description of the action taken or not taken by the ARB or chief appraiser regarding the procedural requirement identified under Subdivision (3);

(5) a description of the property to which the award will apply; and

(6) any other information reasonably necessary for the comptroller to appoint an arbitrator.

(g) Requires the comptroller, on receipt of the request and deposit under this section, to appoint an arbitrator from the registry maintained under Section 41A.06 (Registry and Qualification of Arbitrators) who is eligible to serve as an arbitrator under Subsection (p) of this section. Provides that Section 41A.07(h) (relating to authorizing a property owner to request that the comptroller appoint an initial arbitrator who resides in the county in which the property that is the subject of the appeal is located or an arbitrator who resides outside that county) does not apply to the appointment of an arbitrator under this section.

(h) Provides that the ARB, the chief appraiser, and the property owner are parties to a limited binding arbitration conducted under this section. Authorizes the ARB to appear by counsel, by the chairman, or by a person designated by the chairman. Authorizes the chief appraiser to appear by counsel, in person, or by a designated employee. Authorizes the property owner to appear in the manner provided by certain subsections.

(i) Requires the arbitrator to make an arbitration award and deliver an electronic copy of the award to the property owner, the chairman of the ARB, the chief appraiser, and the comptroller.

(j) Provides that an award under this section:

(1) is required to include a determination of whether the ARB or chief appraiser failed to comply with a procedural requirement as alleged in the request for limited binding arbitration;

(2) if the arbitrator determines that the ARB or chief appraiser failed to comply with a procedural requirement as alleged in the request, is required to direct the ARB or chief appraiser, as applicable, to comply with the procedural requirement, or, if the hearing on the protest has been held and the ARB has issued an order determining the protest, to rescind the order and hold a new hearing on the protest that complies with the procedural requirement;

(3) is required to specify the arbitrator's fee;

(4) is final and is prohibited from being appealed; and

(5) is enforceable as provided by Section 41A.09 (Award; Payment of Arbitrator's Fee).

(k) Provides that, if the arbitrator determines that the ARB or chief appraiser failed to comply with the procedural requirement that was the subject of the limited binding arbitration:

(1) the comptroller, on receipt of a copy of the award, is required to refund the property owner's arbitration deposit, less the amount retained by the comptroller under Section 41A.05(b) (relating to authorizing the comptroller to retain \$50 of the property owner's arbitration deposit to cover the comptroller's administrative costs); and

(2) the appraisal district is required to pay the arbitrator's fee.

(l) Requires the comptroller, if the arbitrator determines that the ARB or chief appraiser complied with the procedural requirement that was the subject of the limited binding arbitration, to pay the arbitrator's fee out of the owner's arbitration deposit and to refund to the owner the owner's arbitration deposit, less the arbitrator's fee and the amount retained by the comptroller under Section 41A.05(b).

(m) Requires the ARB or the chief appraiser, as soon as practicable after receiving notice of an award, to take any action required to comply with the requirements of the award, and, if the award requires the ARB to conduct a new hearing under Chapter 41, to schedule and conduct the hearing.

(n) Provides that an award under this section does not affect the property owner's right to appeal the final determination of a protest by the ARB under Chapter 42 or to pursue any other legal or statutory remedy available to the property owner.

(o) Authorizes a property owner to request a single limited binding arbitration under this section that covers more than one property, more than one protest hearing, or an allegation of the failure by the ARB or chief appraiser to comply with more than one procedural requirement so long as the requirements of Subsection (b) are met with regard to each alleged failure to comply. Provides that the amount of the arbitration deposit and the amount of the arbitrator's fee are computed as if a single property were the subject of the arbitration. Provides that if the arbitration involves property described by Subsection (e)(1) and property described by Subsection (e)(2), the amount of the arbitration deposit and the amount of the arbitrator's fee are computed as if only the property described by Subsection (e)(2) were the subject of the arbitration. Provides that if the arbitration involves an allegation of the failure by the ARB or chief appraiser to comply with more than one procedural requirement, Subsection (k) applies if the arbitrator determines that the ARB or chief appraiser failed to comply with one or more of the procedural requirements that were the subject of the arbitration and Subsection (l) applies if the arbitrator determines that the ARB or chief appraiser complied with all of the procedural requirements that were the subject of the arbitration.

(p) Provides that Section 41A.06 applies to the registration and qualification of an arbitrator under this section except that an arbitrator under this section is required to be a licensed attorney and is required to agree to conduct an arbitration for a fee that is not more than \$400 if the property is described by Subsection (e)(1) or \$500 if the property is described by Subsection (e)(2).

(q) Provides that, except as otherwise provided by this section, the provisions of this chapter apply to a limited binding arbitration under this section. Provides that, in the event of a conflict between this section and another provision of this chapter, this section controls.

SECTION 22. Amends Section 41A.10, Tax Code, by amending Subsection (a) and adding Subsection (c), as follows:

(a) Requires a property owner who appeals an ARB order under Chapter 41A (Appeal Through Binding Arbitration), except for a property owner who has elected to defer the

collection of taxes under Section 33.06 (Deferred Collection of Taxes on Residence Homestead of Elderly or Disabled Person or Disabled Veteran) or 33.065 (Deferred Collection of Taxes on Appreciating Residence Homestead) on the property subject to the appeal and for which the deferral is still in effect, 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. Makes a nonsubstantive change.

(c) Provides that, for the purposes of Subsection (b) of this section (relating to prohibiting a property owner from filing an appeal under Chapter 41A if the taxes on the property subject to the appeal are delinquent), taxes are not considered delinquent on property subject to an appeal if the property owner has elected to defer the collection of taxes on the property under Section 33.06 or 33.065 and the deferral is still in effect.

SECTION 23. Amends Section 42.015(a), Tax Code, as follows:

(a) Provides that a person leasing property who is contractually obligated to reimburse the property owner for taxes imposed on the property is entitled to appeal an order of the ARB determining a protest relating to the property brought by certain persons, including a protest brought by the property owner if the property owner does not appeal the order. Makes nonsubstantive changes.

SECTION 24. Amends Section 42.23(e), Tax Code, as follows:

(e) Prohibits a court from entering an order that conflicts with Subsection (d) (relating to providing that each party to an appeal of an ARB order is considered a party seeking affirmative relief for the purpose of discovery regarding expert witnesses if certain criteria are met), including a protective order under Rule 192.6 of the Texas Rules of Civil Procedure. Deletes existing text authorizing the court to enter a protective order to modify the provisions of this subsection under Rule 192.6 of the Texas Rules of Civil Procedure.

SECTION 25. Provides that Section 6.03, Tax Code, as amended by this Act, applies only to the selection of members of the board of directors of an appraisal district who are appointed for a term that begins on or after January 1, 2022.

SECTION 26. Provides that Section 11.253, Tax Code, as amended by this Act, applies only to a tax year beginning on or after January 1, 2022.

SECTION 27. Provides that Sections 21.021 and 21.031, Tax Code, as amended by this Act, apply only to the allocation of the value and the determination of the situs of vessels and other watercraft for ad valorem tax purposes beginning on or after January 1, 2022.

SECTION 28. Provides that Section 25.19, Tax Code, as amended by this Act, applies only to a notice of appraised value for a tax year beginning on or after January 1, 2022.

SECTION 29. Provides that Section 41.445, Tax Code, as added by this Act, and Sections 41.45 and 41.47, Tax Code, as amended by this Act, apply only to a protest under Chapter 41, Tax Code, for which a notice of protest is filed by a property owner on or after January 1, 2022. Provides that a protest under Chapter 41, Tax Code, for which a notice of protest is filed by a property owner before January 1, 2022, is governed by the law in effect on the date the notice of protest is filed, and the former law is continued in effect for that purpose.

SECTION 30. Provides that Section 41A.10, Tax Code, as amended by this Act, applies only to a request for binding arbitration under Chapter 41A, Tax Code, that is filed on or after the effective date of this Act. Provides that a request for binding arbitration under Chapter 41A, Tax Code, that is filed before the effective date of this Act is governed by the law in effect on the date the request is filed, and the former law is continued in effect for that purpose.

SECTION 31. Provides that Sections 42.015 and 42.23, Tax Code, as amended by this Act, apply only to an appeal under Chapter 42, Tax Code, that is pending on the date the amendments to those sections take effect under this Act or that is filed on or after that date.

SECTION 32. Requires the comptroller to implement a provision of this Act only if the legislature appropriates money specifically for that purpose. Provides that if the legislature does not appropriate money specifically for that purpose, the comptroller is authorized, but not required, to implement a provision of this Act using other appropriations available for that purpose.

SECTION 33. (a) Effective date, except as provided by Subsection (b) of this section: January 1, 2022.

(b) Effective date, Sections 5.103, 5.104, 6.052, 41.01, 41.461, 41.66, 42.015, and 42.23, Tax Code, as amended by this Act, and Section 41A.015, Tax Code, as added by this Act: upon passage or September 1, 2021.