

## **BILL ANALYSIS**

Senate Research Center  
84R11765 SMH-F

S.B. 1832  
By: Menéndez  
Finance  
3/31/2015  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Appraisal districts send thousands of notices annually to property owners. They must be sent, according to Section 25.19, if (1) a property value increases from the prior year, (2) the value is greater than the amount rendered by the property owner, or (3) the property was not on the appraisal roll in the prior year. The law specifies what must be shown on the notice, including a statement that the legislature does not set the amount of local taxes, and inquiries should be directed to locally elected officials. The purpose of the notice is to inform the owner about the property's value for the current year and prior year, pertinent information about the property itself, and how to protest the value to an appraisal review board.

S.B. 1832 seeks to address this problem by removing the tax estimate and instead providing an explanation of how an individual property owner can calculate taxes.

Included on the notice is an estimate of taxes based on the prior year's tax rate applied to the current year's value. This estimate is required by the Texas Constitution to be provided to property owners, but not necessarily on the notice of appraised value. The estimate on the notice of appraised value can be misleading because the prior year tax rate may be greater or lower than what is adopted by local taxing units some six months after the notice is delivered.

S.B. 1832 will reduce property owner confusion about deadlines and the nature of protests to appraisal review boards and to inform property owners about tax savings resulting from certain exemptions and tax limitations.

S.B. 1832 is intended to make the notice of appraised value exactly that, and not a notice of estimated taxes.

As proposed, S.B. 1832 amends current law relating to the contents of a notice of appraised value sent to a property owner by the chief appraiser of an appraisal district.

### **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 25.19, Tax Code, by amending Subsections (b) and (i) and adding Subsection (b-3), as follows:

(b) Requires the chief appraiser to separate real from personal property and include in the notice for each:

(1)-(3) Makes no change to these subdivisions;

(4) the tax rate adopted in the preceding year by each taxing unit taxing the property;

(5) the appraised value of the property for the current year and the kind and amount of each partial exemption, if any, approved by each taxing unit taxing the property for the current year;

(6) an estimate of the tax savings for the current year resulting from each partial exemption calculated on the basis of the tax rate adopted in the preceding year by each taxing unit taxing the property;

(7) an estimate of the tax savings resulting from the application of a limitation on taxes provided by Section 11.26 (Limitation of School Tax on Homesteads of Elderly or Disabled) or 11.261 (Limitation of County, Municipal, or Junior College District Tax on Homesteads of Disabled and Elderly), if applicable, in the current year calculated on the basis of the tax rate adopted by the applicable taxing unit in the preceding year;

(8) in italic typeface, the following statement: "The Texas Legislature does not set the amount of your local taxes. Your property tax burden is decided by your locally elected officials, and all inquiries concerning your taxes should be directed to those officials";

(9) a detailed explanation of the time and procedure for protesting the value;

(10) in bold 12-point typeface on the front of the notice, the date and place the appraisal review board will begin hearing protests and the deadlines for filing a notice of protest as provided by Sections 41.44(a) (requiring a property owner initiating a certain protest to file a written notice of the protest), (b) (entitling a property owner who files notice of a protest to a hearing and determination of the protest), and (b-1) (entitling an owner of a certain property who files a notice of protest after the deadline but before the appraisal review board approves the appraisal records to a hearing and determination of the protest);

(11) a statement that the appraisal district only determines the value of the property, rather than a brief explanation that the governing body of each taxing unit decides whether or not taxes on the property will increase and the appraisal district only determines the value of the property; and

(12) an explanation of the method for estimating the taxes that may be imposed by each taxing unit based on the value of the property for the current year and the tax rate adopted in the preceding year by each taxing unit taxing the property as shown in the notice.

Deletes existing text requiring the chief appraiser to separate real from personal property and include in the notice for each, if the appraised value is greater than it was in the preceding year, the amount of tax that would be imposed on the property on the basis of the tax rate for the preceding year. Makes nonsubstantive changes.

(b-3) Requires that the explanation required by Subsection (b)(12) describe in detail the method for applying the tax rate adopted in the preceding year by each taxing unit taxing the property to the appraised value of the property, less each applicable partial exemption as shown in the notice. Requires that an example of the method for applying the tax rate to the appraised value, less applicable partial exemptions, be included so that the property owner may calculate a reasonable estimate of the amount of taxes that would be imposed on the property by each taxing unit for the current year if the taxing unit were to adopt the same tax rate as the unit adopted in the preceding year.

(i) Provides that delivery with a notice required by Subsection (a) (requiring a chief appraiser to deliver a clear and understandable written notice to a property owner of the appraised value of the property owner's property) or (g) (requiring the chief appraiser to deliver a written notice to the owner of each property not included in a notice required to

be delivered under Subsection (a)) of a copy of the pamphlet published by the comptroller of public accounts of the State of Texas under Section 5.06 (Explanation of Taxpayer Remedies) or a copy of the notice published by the chief appraiser under Section 41.70 (Public Notice of Protest and Appeal Procedures) is sufficient to comply with the requirement that the notice include the information specified by Subsection (b)(9) or (g)(3) (requiring the chief appraiser to separate real from personal property and include in the notice for each property a detailed explanation of the time and procedure for protesting the value), rather than specified by Subsection (b)(7) or (g)(3), as applicable.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: January 1, 2016.