AN ACT

relating to the determination of the value of property for ad
valorem tax purposes, including appeals through binding
arbitration of appraisal review board orders determining protests
of property value determinations; providing penalties.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 23.01, Tax Code, is amended by amending
Subsection (b) and adding Subsection (c) to read as follows:

(b) The market value of property shall be determined by the
application of generally accepted appraisal methods and
techniques. If the appraisal district determines the appraised
value of a property using mass appraisal standards, the mass
appraisal standards must comply with the Uniform Standards of
Professional Appraisal Practice. The same or similar appraisal
methods and techniques shall be used in appraising the same or
similar kinds of property. However, each property shall be
appraised based upon the individual characteristics that affect the
property's market value, and all available evidence that is
specific to the value of the property shall be taken into account in
determining the property's market value.

(c) Notwithstanding any provision of this subchapter to the
contrary, if the appraised value of property in a tax year is
lowered under Subtitle F, the appraised value of the property as
finally determined under that subtitle is considered to be the
appraised value of the property for that tax year. In the following
tax year, the chief appraiser may not increase the appraised value
of the property unless the increase by the chief appraiser is
reasonably supported by substantial evidence when all of the
reliable and probative evidence in the record is considered as a
whole. If the appraised value is finally determined in a protest
under Section 41.41(a)(2) or an appeal under Section 42.26, the
chief appraiser may satisfy the requirement to reasonably support
by substantial evidence an increase in the appraised value of the
property in the following tax year by presenting evidence showing
that the inequality in the appraisal of property has been corrected
with regard to the properties that were considered in determining
the value of the subject property. The burden of proof is on the
chief appraiser to support an increase in the appraised value of
property under the circumstances described by this subsection.

SECTION 2. Sections 23.013, 23.014, and 23.24, Tax Code,
are amended to read as follows:

Sec. 23.013. MARKET DATA COMPARISON METHOD OF APPRAISAL.
(a) If the chief appraiser uses the market data comparison method
of appraisal to determine the market value of real property, the
chief appraiser shall use comparable sales data and shall adjust
the comparable sales to the subject property.

(b) A sale is not considered to be a comparable sale unless
the sale occurred within 24 months of the date as of which the
market value of the subject property is to be determined, except
that a sale that did not occur during that period may be considered
to be a comparable sale if enough comparable properties were not
sold during that period to constitute a representative sample.

(c) A sale of a comparable property must be appropriately adjusted for any change in the market value of the comparable property during the period between the date of the sale of the comparable property and the date as of which the market value of the subject property is to be determined.

(d) Whether a property is comparable to the subject property shall be determined based on similarities with regard to location, square footage of the lot and improvements, property age, property condition, property access, amenities, views, income, operating expenses, occupancy, and the existence of easements, deed restrictions, or other legal burdens affecting marketability.

Sec. 23.014. EXCLUSION OF PROPERTY AS REAL PROPERTY. Except as provided by Section 23.24(b), in determining the market value of real property, the chief appraiser shall analyze the effect on that value of, and exclude from that value the value of, any:

(1) tangible personal property, including trade fixtures;
(2) intangible personal property; or
(3) other property that is not subject to appraisal as real property.

Sec. 23.24. FURNITURE, FIXTURES, AND EQUIPMENT. (a) If real property is appraised by a method that takes into account the value of furniture, fixtures, and equipment in or on the real property, the furniture, fixtures, and equipment shall not be subject to additional appraisal or taxation as personal property.
S.B. No. 771

(b) In determining the market value of the real property appraised on the basis of rental income, the chief appraiser may not separately appraise or take into account any personal property valued as a portion of the income of the real property, and the market value of the real property must include the combined value of the real property and the personal property.

SECTION 3. Subchapter D, Chapter 23, Tax Code, is amended by adding Section 23.522 to read as follows:

Sec. 23.522. TEMPORARY CESSION OF AGRICULTURAL USE DURING DROUGHT. The eligibility of land for appraisal under this subchapter does not end because the land ceases to be devoted principally to agricultural use to the degree of intensity generally accepted in the area if:

(1) a drought declared by the governor creates an agricultural necessity to extend the normal time the land remains out of agricultural production; and

(2) the owner of the land intends that the use of the land in that manner and to that degree of intensity be resumed when the declared drought ceases.

SECTION 4. Section 41A.01, Tax Code, is amended to read as follows:

Sec. 41A.01. RIGHT OF APPEAL BY PROPERTY OWNER. As an alternative to filing an appeal under Section 42.01, a property owner is entitled to appeal through binding arbitration under this chapter an appraisal review board order determining a protest filed under Section 41.41(a)(1) concerning the appraised or market value of [real] property if:
(1) the property qualifies as the owner's residence homestead under Section 11.13; or

(2) the appraised or market value, as applicable, of the property as determined by the order is $1 million or less[,] and

[(2) the appeal does not involve any matter in dispute other than the determination of the appraised or market value of the property].

SECTION 5. Subsection (a), Section 41A.03, Tax Code, is amended to read as follows:

(a) To appeal an appraisal review board order under this chapter, a property owner must file with the appraisal district not later than the 45th day after the date the property owner receives notice of the order:

(1) a completed request for binding arbitration under this chapter in the form prescribed by Section 41A.04; and

(2) an arbitration deposit [in the amount of $500,] made payable to the comptroller in the amount of:

(A) $500; or

(B) $250, if the property owner requests expedited arbitration under Section 41A.031.

SECTION 6. Chapter 41A, Tax Code, is amended by adding Section 41A.031 to read as follows:

Sec. 41A.031. EXPEDITED ARBITRATION. (a) A property owner is entitled to an expedited arbitration if the property owner includes a request for expedited arbitration in the request filed under Section 41A.03 and pays the required deposit.

(b) An expedited arbitration must provide for not more than
one hour of argument and testimony on behalf of the property owner
and not more than one hour of argument and testimony on behalf of
the appraisal district.

(c) The comptroller shall adopt rules and processes to
assist in the conduct of an expedited arbitration.

SECTION 7. The heading to Section 41A.06, Tax Code, is
amended to read as follows:
Sec. 41A.06. REGISTRY AND INITIAL QUALIFICATION
[QUALIFICATIONS] OF ARBITRATORS.

SECTION 8. Subsection (b), Section 41A.06, Tax Code, is
amended to read as follows:

(b) To initially qualify to serve as an arbitrator under
this chapter, a person must:

(1) meet the following requirements, as applicable:
(A) be licensed as an attorney in this state; or
(B) have:
   (i) completed at least 30 hours of training
   in arbitration and alternative dispute resolution procedures from a
   university, college, or legal or real estate trade association; and
   (ii) been licensed or certified
   continuously during the five years preceding the date the person
   agrees to serve as an arbitrator as:
   (a) [(2) be licensed as] a real estate
   broker or salesperson under Chapter 1101, Occupations Code;
   (b) [or be licensed or certified as]
   a real estate appraiser under Chapter 1103, Occupations Code; or
   (c) a certified public accountant
under Chapter 901, Occupations Code; and

(2) [33] agree to conduct an arbitration for a fee
that is not more than 90 percent of the amount of the arbitration
deposit required by Section 41A.03.

SECTION 9. Chapter 41A, Tax Code, is amended by adding
Section 41A.061 to read as follows:

Sec. 41A.061. CONTINUED QUALIFICATION OF ARBITRATOR;
RENEWAL OF AGREEMENT. (a) The comptroller shall include a
qualified arbitrator in the registry until the second anniversary
of the date the person was added to the registry. To continue to be
included in the registry after the second anniversary of the date
the person was added to the registry, the person must renew the
person's agreement with the comptroller to serve as an arbitrator
on or as near as possible to the date on which the person's license
or certification issued under Chapter 901, 1101, or 1103,
Occupations Code, is renewed.

(b) To renew the person's agreement to serve as an
arbitrator, the person must:

(1) file a renewal application with the comptroller at
the time and in the manner prescribed by the comptroller;

(2) continue to meet the requirements provided by
Section 41A.06(b); and

(3) during the preceding two years have completed at
least eight hours of continuing education in arbitration and
alternative dispute resolution procedures offered by a university,
college, real estate trade association, or legal association.

(c) The comptroller shall remove a person from the registry
S.B. No. 771

1 if the person fails or declines to renew the person's agreement to
2 serve as an arbitrator in the manner required by this section.
3
4 SECTION 10. Subsection (b), Section 41A.08, Tax Code, as
5 added by Chapters 372 (S.B. 1351) and 912 (H.B. 182), Acts of the
6 79th Legislature, Regular Session, 2005, is reenacted and amended
7 to read as follows:
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9 (b) The parties to an arbitration proceeding under this
10 chapter may represent themselves or, at their own cost, may be
11 represented by:
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13 (1) an employee of the appraisal district;
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15 (2) an attorney who is licensed in this state;
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17 (3) a person who is licensed as a real estate broker or
18    salesperson under Chapter 1101, Occupations Code, or is licensed or
19    certified as a real estate appraiser under Chapter 1103,
20    Occupations Code; [ex]
21
22 (4) a property tax consultant registered under Chapter
23    1152, Occupations Code; or
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25 (5) an individual who is licensed as a certified
26    public accountant under Chapter 901, Occupations Code.
27
28 SECTION 11. Subsection (b), Section 41A.09, Tax Code, is
29 amended to read as follows:
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31 (b) An award under this section:
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33 (1) must include a determination of the appraised or
34    market value, as applicable, of the property that is the subject of
35    the appeal;
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37 (2) may include any remedy or relief a court may order
38    under Chapter 42 in an appeal relating to the appraised or market
value of property;

(3) shall specify the arbitrator's fee, which may not exceed the amount provided by Section 41A.06(b)(2) [41A.06(b)(3)];

(4) is final and may not be appealed except as permitted under Section 171.088, Civil Practice and Remedies Code, for an award subject to that section; and

(5) may be enforced in the manner provided by Subchapter D, Chapter 171, Civil Practice and Remedies Code.

SECTION 12. Section 6.411, Tax Code, is amended by amending Subsections (c) and (d) and adding Subsection (c-1) to read as follows:

(c) 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.

(c-1) This section does not apply to communications involving the chief appraiser or another employee of an appraisal district and a member of the appraisal review board that are specifically limited to and involve administrative, clerical, or logistical matters related to the scheduling and operation of hearings, the processing of documents, the issuance of orders, notices, and subpoenas, and the operation of the appraisal review board.

(d) An offense under this section is a Class A [G] misdemeanor.

SECTION 13. (a) Sections 41A.01, 41A.03, and 41A.08, Tax
S.B. No. 771

1 Code, as amended by this Act, and Section 41A.031, Tax Code, as
2 added by this Act, apply only to an appeal through binding
3 arbitration under Chapter 41A of that code that is requested on or
4 after the effective date of this Act.
5 (b) Section 41A.06, Tax Code, as amended by this Act,
6 applies only to a person who initially qualifies to serve as an
7 arbitrator under Chapter 41A, Tax Code, on or after the effective
8 date of this Act.
9 (c) Section 41A.061, Tax Code, as added by this Act, does
10 not affect the eligibility of a person who is included on the
11 registry list of qualified arbitrators on the effective date of
12 this Act to continue to remain on that registry list before the date
13 on which the person's license or certificate under Chapter 901,
14 1101, or 1103, Occupations Code, expires unless renewed.
15 SECTION 14. This Act applies only to the appraisal of
16 property for a tax year beginning on or after the effective date of
17 this Act.
18 SECTION 15. This Act takes effect January 1, 2010.
S.B. No. 771

David Dewhurst
President of the Senate

I hereby certify that S.B. No. 771 passed the Senate on April 30, 2009, by the following vote: Yeas 31, Nays 0; and that the Senate concurred in House amendments on May 30, 2009, by the following vote: Yeas 31, Nays 0.

Joe Straus
Speaker of the House

I hereby certify that S.B. No. 771 passed the House, with amendments, on May 27, 2009, by the following vote: Yeas 148, Nays 0, one present not voting.

Pat Sullivan
Secretary of the Senate

Robert Harvard
Chief Clerk of the House

Approved:
19 Jun '09
Date
Rick Perry
Governor

Filed in the office of the
Secretary of State
2:51 O'Clock
Jun 19 2009
Colin West, III