

POPP, GRAY & HUTCHESON, LLP

The Property Tax Firm of Texas



TEXAS LEGISLATIVE UPDATE



The Texas Legislature is currently meeting in its biennial 180 day session. The primary focus of legislators is on the current **budget deficit** and on **redistricting**. Nevertheless, 286 property tax bills have been filed. By comparison, there were 354 property tax bills filed in 2009 and 310 property tax bills filed in 2007.

Property Taxes:

Popp, Gray & Hutcheson is very active in the legislative process relating to property tax matters. Jim Popp has drafted and provided technical support to legislators on hundreds of property tax bills. Along with Missy Ramirez, Jim monitors legislation and constantly works with legislators and others concerning property tax matters. PGH has retained the lobby firm of Hillco Partners to assist on legislative matters and is fortunate to team with Hillco partners Buddy Jones, Clint Smith and Vilma Luna to further our legislative agenda.

The focus of proposed legislation has been as follows:

- Reducing the cap on increases in appraised value for homesteads;
- Providing, for the first time, for a cap on appraised value of commercial property;
- Exempting property including veterans and homesteads;
- Changing the interest paid on refunds;



- Enhancing electronic transfer of information;
- Selecting appraisal district board and ARB members;
- Improving taxpayer remedies; and
- Changing open space land eligibility.

The following are some bills of interest.

HB 533 by Villarreal: Changes the process for appealing a rendition penalty to the same process for protesting all other property tax matters. Current law provides that notice of a penalty is on the tax bill. (PGH proposed and supports this bill)

HB 1887 by Villarreal: Proposes numerous procedural changes to the process and appeals, process to make them more fair, efficient and cost effective. (PGH proposed and supports this bill)

HB 873 by Davis: Changes the period for filing a 25.25 lawsuit from 45 days to 60 days to conform to lawsuits in general. (PGH supports)

HB 1184 by Legler: Proposes an appraisal cap on commercial property of 5% increase per year. (PGH opposes this bill as contrary to good fiscal policy)

HB 1287 by Villarreal: Changes the interest on litigation refund from 8% to the three month Treasury bill rate. (PGH supports if the interest rate on lawsuit under payments is also changed)

HB 1441 by Davis: Allows 25.25 corrections for incorrect ownership. (PGH supports)

HB 2078 by Villarreal: Prohibits appraisal districts and appraisal review boards from conducting their own training. (PGH supports)

HB 2203 by Otto: Extends the SOAH property tax appeal process to Collin, Ft. Bend, Denton, Montgomery and Nueces counties and allows attorney fees to a property owner in the appeal. (PGH supports)

HB 2218 by Oliveira: Changes the interest rate on refunds to that paid by the bank in which the taxing unit deposits taxes.

HB 2220 by Davis: Allows a 42.08-type payment for properties that are the subject of a 25.25 motion. (PGH supports)

HB 2321 by Howard: Changes the definition of market value to the value on the roll as of 2009 changed for a sale or new construction. (PGH opposes this bill as contrary to good fiscal policy)

HB 2598 by Garza: Allows the award of attorneys' fees in an exemption case. (PGH supports)

HB 3615 by Hughes: If a value was determined as a result of an appeal it may not be increased in the next five years without clear and convincing evidence. (PGH

opposes as against sound public policy)

SB 474 by Patrick: Provides for an appraisal cap of 10% on commercial and industrial properties. (PGH opposes this bill as contrary to good fiscal policy)

SB 725 by Williams: Allows a person to file suit against an appraisal district to force the district to comply with the law.

SB 1404 by Hinojosa: Changes the lawsuit deadline from 45 to 60 days for a 25.25 appeal. (PGH supports)

PGH ANNOUNCES

Popp, Gray and Hutcheson is pleased to announce that Walter Wolff has joined the firm as Chief Technology Officer and Principal. As a former CEO and Co-founder of Burr Wolff L.P., Mr. Wolff brings a unique 20-year blend of property tax software development, value appeal consulting and compliance processing expertise to the firm.

Please visit our website at www.property-tax.com for Walter's full bio and contact information.

SB 1441 by Ellis: Allows a 25.25 correction for incorrect ownership. (PGH supports)

SB 1546 by Patrick: Allows a reschedule of an ARB meeting if missed through human error. Creates a peer review committee in the comptroller's office to review complaints of taxpayers. (PGH supports)

SB 1773 by Williams: Adds Collin, Dallas, Denton, Fort Bend, Montgomery and Nueces to the SOAH process and allows attorney feed in SOAH appeals.

The Budget Deficit:

The numbers look like this:

Total Spending for 2010-2011	\$93.8 billion
Total Revenue for 2010-2011	\$89.5 billion
Total Revenue Estimate 2012-2013	\$76.7 billion

The state started this biennium with a budget deficit of \$4.3 billion. Tax revenues have declined since the previous biennium by \$12.8 billion. Thus, the state has a revenue shortfall of \$17.1 billion to fund the same level of spending as in 2010-2011. The preliminary House and Senate budgets would propose spending cuts that would balance the budget. This would mean almost \$7 billion less spending for public education and \$6 billion less spending for health and human services.



Texas is fortunate to have a “rainy day” fund, which is expected to have a balance of \$9.4 billion by the end of 2013. The fund receives money from the natural gas and oil production and from unencumbered general revenue funds. It requires a three-fifths vote of the legislature to use the fund to close a revenue deficit. Forty-eight states have some sort of rainy day fund, but the balances of Texas and Alaska exceed all other states combined.

Redistricting:

The Texas Legislature is required to redistrict (redraw) house, senate and congressional districts every 10 years in response to new census data. Texas has grown 20.6% since 2000 with a total population of 25,145,561. The U.S. population grew 9.7% during the same period. The fastest growing areas in Texas were suburban counties, counties along the IH-35 corridor and counties in South Texas.

As a result of population growth, ideal district sizes of population in the district have changed as follows: House 139,012 to 167,637; Senate 672,639 to 811, 147 and Congress 651,518 to 698, 488.

It is the responsibility of the legislature to pass legislation redrawing district lines to conform to population changes using the same process it does in passing other legislation. The general redistricting principles are one person-one vote, minority voting rights protected, follow county lines for house districts for contiguity and compactness. If the legislature fails to pass a redistricting bill, the process is turned over to the Legislative Redistricting Board consisting of the lieutenant governor, the speaker, the attorney general, the comptroller and the land commissioner.

For further information regarding this article, please contact Jim Popp, jim.popp@property-tax.com

For more details on the bills mentioned, please visit <http://www.capitol.state.tx.us/>