

CHAPTER 823

S.B. No. 908

An Act relating to certain definitions, to appraisal, and to procedures for determining the equality and uniformity of property taxes and to a property owner's remedies for unequal property tax appraisal; amending the Tax Code, as amended, by amending Section 1.12, Subsection (a) of Section 5.10, Subsection (b) of Section 23.01, and Sections 41.41, 41.43, and 42.26.

Be it enacted by the Legislature of the State of Texas:

SECTION 1. Section 1.12, Tax Code, as amended, is amended to read as follows:

"Section 1.12. **MEDIAN [WEIGHTED AVERAGE] LEVEL OF APPRAISAL.** (a) For purposes of this title, *the median [weighted average] level of appraisal [?] is the median appraisal ratio [determined by dividing the total appraised value, as determined by the appraisal office or the appraisal review board,] of a reasonable and representative sample of properties in an [the] appraisal district [by the sum of the following with respect to those properties:*

"[(1) the total value determined according to law of properties that qualify for appraisal for tax purposes according to a standard other than market value; and

"[(2) the total market value of all other properties].

"(b) An appraisal ratio is the ratio of a property's appraised value as determined by the appraisal office or appraisal review board, as applicable, to:

"(1) the appraised value of the property according to law if the property qualifies for appraisal for tax purposes according to a standard other than market value; or

"(2) the market value of the property if Subdivision (1) of this subsection does not apply.

"(c) The median appraisal ratio for a sample of properties is, in a numerically ordered list of the appraisal ratios for the properties:

"(1) if the sample contains an odd number of properties, the appraisal ratio above and below which there is an equal number of appraisal ratios in the list; or

"(2) if the sample contains an even number of properties, the average of the two consecutive appraisal ratios above and below which there is an equal number of appraisal ratios in the list."

SECTION 2. Subsection (a), Section 5.10, Tax Code, as amended, is amended to read as follows:

"(a) The board shall conduct an annual [~~a biennial~~] study in each appraisal district to determine [~~for each odd-numbered year~~] the degree of uniformity of and the median [~~weighted average~~] level of appraisals by the appraisal district within each major kind of property. The board shall publish a report of the findings of the study, including in the report the median levels of appraisal for each major kind of property, the coefficient of dispersion around the median level of appraisal for each major kind of property, and any other standard statistical measures that the board considers appropriate [~~before the end of the even-numbered year following the year for which the study is conducted~~]. In conducting the study, the board shall use appropriate standard statistical analysis techniques [~~to compute measures of central tendency and average dispersion~~]."

SECTION 3. Sections 41.41, 41.43, and 42.26, Tax Code, as amended, are amended to read as follows:

"Section 41.41. **RIGHT OF PROTEST.** A property owner is entitled to protest before the appraisal review board the following actions:

"(1) determination of the appraised value of his property or, in the case of land appraised as provided by Subchapter C, D, or E, Chapter 23 of this code, determination of its appraised or market value;

"(2) unequal appraisal of his property in comparison to the median [~~weighted average~~] level of appraisals of other property in the appraisal district;

"(3) inclusion of his property on the appraisal records;

"(4) denial to him in whole or in part of a partial exemption;

"(5) determination that his land does not qualify for appraisal as provided by Subchapter C, D, or E, Chapter 23 of this code;

"(6) identification of the taxing units in which his property is taxable in the case of the appraisal district's appraisal roll;

"(7) determination that he is the owner of property; or

"(8) any other action that applies to the property owner and adversely affects him."

"Section 41.43. **PROTEST OF INEQUALITY OF APPRAISAL.** A protest on the ground of unequal appraisal of property may not be determined in favor of the protesting party unless he establishes that his property is appraised at a level greater than the median [~~weighted average~~] level of appraisal of other properties in the appraisal district."

"Section 42.26. **REMEDY FOR UNEQUAL APPRAISAL.** The district court may not grant relief on the ground that a property is appraised unequally in comparison to the level of appraisals of other property in the appraisal district unless the appraised value of the property varies at least 10 percent from its value calculated on the basis of the median [~~weighted average~~] level of appraisal of other properties in the district. In that event, the court shall order the appraised value changed to the value as calculated on the basis of the median [~~weighted average~~] level of appraisal of those properties."

SECTION 4. The change in law made by this Act applies only to a property owner's protest or appeal of an appraisal for the 1986 tax year or a subsequent tax year. A protest or appeal of an appraisal for a tax year before 1986 is governed by the law in effect before the effective date of this Act, and the former law is continued in effect for that purpose.

SECTION 5. Subsection (b), Section 23.01, Tax Code, is amended to read as follows:

"(b) The market value of property shall be determined by the application of generally accepted appraisal techniques, and the same or similar appraisal 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."

SECTION 6. This Act takes effect January 1, 1986.

SECTION 7. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed the Senate on April 4, 1985, by the following vote: Yeas 31, Nays 0; Senate concurred in House amendment on May 27, 1985, by the following vote: Yeas 31, Nays 0; passed the House, with amendment, on May 17, 1985, by the following vote: Yeas 134, Nays 0, one present not voting.

Approved: June 15, 1985

Effective: January 1, 1986