

By: Mowery

H.B. No. 449

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the governance of an appraisal district by the county  
3 tax assessor-collector and to the administration of appraisal  
4 districts and appraisal review boards.

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

6 SECTION 1. Sections 5.102(b) and (c), Tax Code, are  
7 amended to read as follows:

8 (b) If the review results in a finding that an appraisal  
9 district is not in compliance with generally accepted appraisal  
10 standards and practices, the comptroller shall deliver a report  
11 that details the comptroller's findings and recommendations for  
12 improvement to the county assessor-collector who governs the  
13 appraisal district [~~district's chief appraiser and board of~~  
14 ~~directors~~].

15 (c) If noncompliance by an appraisal district with  
16 generally accepted appraisal standards and practices is found in  
17 two consecutive reviews and if the county assessor-collector who  
18 governs the [~~an affected~~] appraisal district fails [~~district's~~  
19 ~~chief appraiser and board of directors fail~~] to take effective  
20 remedial action as determined by the comptroller, the comptroller  
21 may appoint a special master who may exercise supervision and  
22 control over the operations of the district until full compliance  
23 with generally accepted appraisal standards and practices is  
24 achieved. The appraisal district shall bear the costs related to

1 the master's supervision and control.

2 SECTION 2. Section 5.12(b), Tax Code, is amended to read as  
3 follows:

4 (b) At the written request of the governing bodies of a  
5 majority of the taxing units participating in an appraisal district  
6 or of a majority of the group of taxing units composed of the  
7 municipalities, school districts, and county participating in an  
8 ~~[entitled to vote on the appointment of]~~ appraisal district  
9 ~~[directors]~~, the comptroller shall audit the performance of the  
10 appraisal district. The governing bodies may request a general  
11 audit of the performance of the appraisal district or may request an  
12 audit of only one or more particular duties, practices, functions,  
13 departments, or other appraisal district matters.

14 SECTION 3. Sections 5.13(c), (f), and (h), Tax Code, are  
15 amended to read as follows:

16 (c) The comptroller must approve the specific plan for the  
17 performance audit of an appraisal district. Before approving an  
18 audit plan, the comptroller must provide any interested person an  
19 opportunity to appear before the comptroller and to comment on the  
20 proposed plan. Not later than the 20th day before the date the  
21 comptroller considers the plan for an appraisal district  
22 performance audit, the comptroller must notify the county  
23 assessor-collector who governs ~~[presiding officer of]~~ the  
24 appraisal district ~~[board of directors]~~ that the comptroller  
25 intends to consider the plan. The notice must include the time,  
26 date, and place of the meeting to consider the plan. ~~[Immediately~~  
27 ~~after receiving the notice, the presiding officer shall deliver a~~

1 ~~copy of the notice to the other members of the appraisal district~~  
2 ~~board of directors.]~~

3 (f) The comptroller shall report the results of its audit in  
4 writing to the governing body of each taxing unit that participates  
5 in the appraisal district and~~[7]~~ to the county assessor-collector  
6 who governs ~~[chief appraiser, and to the presiding officer of]~~ the  
7 appraisal district ~~[board of directors]~~. If the audit was  
8 requested under Section 5.12(c) ~~[of this code]~~, the comptroller  
9 shall also provide a report to a representative of the property  
10 owners who requested the audit.

11 (h) At any time after the request for an audit is made, the  
12 comptroller may discontinue the audit in whole or in part if  
13 requested to do so by:

14 (1) the governing bodies of a majority of the taxing  
15 units participating in the district, if the audit was requested by a  
16 majority of those units;

17 (2) the governing bodies of a majority of the group of  
18 taxing units composed of the municipalities, school districts, and  
19 county participating in the ~~[entitled to vote on the appointment~~  
20 ~~of]~~ appraisal district ~~[directors]~~, if the audit was requested by a  
21 majority of those units; or

22 (3) if the audit was requested under Section 5.12(c)  
23 ~~[of this code]~~, by the taxpayers who requested the audit.

24 SECTION 4. Sections 6.02(b) and (c), Tax Code, are amended  
25 to read as follows:

26 (b) A taxing unit that has boundaries extending into two or  
27 more counties may choose to participate in only one of the appraisal

1 districts. In that event, the boundaries of the district chosen  
2 extend outside the county to the extent of the unit's boundaries.  
3 To be effective, the choice must be approved by the county  
4 assessor-collector who governs [~~resolution of the board of~~  
5 ~~directors of~~] the district chosen. The choice of a school district  
6 to participate in a single appraisal district does not apply to  
7 property annexed to the school district under Subchapter C or G,  
8 Chapter 41, Education Code, unless:

9 (1) the school district taxes property other than  
10 property annexed to the district under Subchapter C or G, Chapter  
11 41, Education Code, in the same county as the annexed property; or

12 (2) the annexed property is contiguous to property in  
13 the school district other than property annexed to the district  
14 under Subchapter C or G, Chapter 41, Education Code.

15 (c) A taxing unit that has chosen to participate in a single  
16 appraisal district under Subsection (b) [~~of this section~~] may  
17 revoke that choice and, if permitted to do so by Subsection (b),  
18 choose to participate in a single appraisal district other than the  
19 one previously chosen. [~~A taxing unit that has withdrawn from an~~  
20 ~~appraisal district under this subsection and chosen to participate~~  
21 ~~in another single appraisal district may not under this subsection~~  
22 ~~withdraw from that district.~~]

23 SECTION 5. Sections 6.03, 6.05, and 6.051, Tax Code, are  
24 amended to read as follows:

25 Sec. 6.03. GOVERNANCE [~~BOARD~~] OF APPRAISAL DISTRICT  
26 [~~DIRECTORS~~]. (a) An [~~The~~] appraisal district is governed by the  
27 assessor-collector of the county for which the district is

1 established.

2 (b) The county assessor-collector is entitled to  
3 compensation for administering the appraisal district as provided  
4 by the appraisal district budget. [~~a board of directors. Five~~  
5 ~~directors are appointed by the taxing units that participate in the~~  
6 ~~district as provided by this section. If the county~~  
7 ~~assessor-collector is not appointed to the board, the county~~  
8 ~~assessor-collector serves as a nonvoting director. The county~~  
9 ~~assessor-collector is ineligible to serve if the board enters into~~  
10 ~~a contract under Section 6.05(b) or if the commissioners court of~~  
11 ~~the county enters into a contract under Section 6.24(b). To be~~  
12 ~~eligible to serve on the board of directors, an individual other~~  
13 ~~than a county assessor-collector serving as a nonvoting director~~  
14 ~~must be a resident of the district and must have resided in the~~  
15 ~~district for at least two years immediately preceding the date the~~  
16 ~~individual takes office. An individual who is otherwise eligible~~  
17 ~~to serve on the board is not ineligible because of membership on the~~  
18 ~~governing body of a taxing unit. An employee of a taxing unit that~~  
19 ~~participates in the district is not eligible to serve on the board~~  
20 ~~unless the individual is also a member of the governing body or an~~  
21 ~~elected official of a taxing unit that participates in the~~  
22 ~~district.~~

23 [~~(b) Members of the board of directors other than a county~~  
24 ~~assessor-collector serving as a nonvoting director serve two-year~~  
25 ~~terms beginning on January 1 of even-numbered years.~~

26 [~~(c) Members of the board of directors other than a county~~  
27 ~~assessor-collector serving as a nonvoting director are appointed by~~

1 ~~vote of the governing bodies of the incorporated cities and towns,~~  
2 ~~the school districts, and, if entitled to vote, the conservation~~  
3 ~~and reclamation districts that participate in the district and of~~  
4 ~~the county. A governing body may cast all its votes for one~~  
5 ~~candidate or distribute them among candidates for any number of~~  
6 ~~directorships. Conservation and reclamation districts are not~~  
7 ~~entitled to vote unless at least one conservation and reclamation~~  
8 ~~district in the district delivers to the chief appraiser a written~~  
9 ~~request to nominate and vote on the board of directors by June 1 of~~  
10 ~~each odd-numbered year. On receipt of a request, the chief~~  
11 ~~appraiser shall certify a list by June 15 of all eligible~~  
12 ~~conservation and reclamation districts that are imposing taxes and~~  
13 ~~that participate in the district.~~

14 ~~[(d) The voting entitlement of a taxing unit that is~~  
15 ~~entitled to vote for directors is determined by dividing the total~~  
16 ~~dollar amount of property taxes imposed in the district by the~~  
17 ~~taxing unit for the preceding tax year by the sum of the total~~  
18 ~~dollar amount of property taxes imposed in the district for that~~  
19 ~~year by each taxing unit that is entitled to vote, by multiplying~~  
20 ~~the quotient by 1,000, and by rounding the product to the nearest~~  
21 ~~whole number. That number is multiplied by the number of~~  
22 ~~directorships to be filled. A taxing unit participating in two or~~  
23 ~~more districts is entitled to vote in each district in which it~~  
24 ~~participates, but only the taxes imposed in a district are used to~~  
25 ~~calculate voting entitlement in that district.~~

26 ~~[(e) The chief appraiser shall calculate the number of votes~~  
27 ~~to which each taxing unit other than a conservation and reclamation~~

1 ~~district is entitled and shall deliver written notice to each of~~  
2 ~~those units of its voting entitlement before October 1 of each~~  
3 ~~odd-numbered year. The chief appraiser shall deliver the notice:~~

4 ~~[(1) to the county judge and each commissioner of the~~  
5 ~~county served by the appraisal district;~~

6 ~~[(2) to the presiding officer of the governing body of~~  
7 ~~each city or town participating in the appraisal district, to the~~  
8 ~~city manager of each city or town having a city manager, and to the~~  
9 ~~city secretary or clerk, if there is one, of each city or town that~~  
10 ~~does not have a city manager; and~~

11 ~~[(3) to the presiding officer of the governing body of~~  
12 ~~each school district participating in the district and to the~~  
13 ~~superintendent of those school districts.~~

14 ~~[(f) The chief appraiser shall calculate the number of votes~~  
15 ~~to which each conservation and reclamation district entitled to~~  
16 ~~vote for district directors is entitled and shall deliver written~~  
17 ~~notice to the presiding officer of each conservation and~~  
18 ~~reclamation district of its voting entitlement and right to~~  
19 ~~nominate a person to serve as a director of the district before July~~  
20 ~~1 of each odd-numbered year.~~

21 ~~[(g) Each taxing unit other than a conservation and~~  
22 ~~reclamation district that is entitled to vote may nominate by~~  
23 ~~resolution adopted by its governing body one candidate for each~~  
24 ~~position to be filled on the board of directors. The presiding~~  
25 ~~officer of the governing body of the unit shall submit the names of~~  
26 ~~the unit's nominees to the chief appraiser before October 15.~~

27 ~~[(h) Each conservation and reclamation district entitled to~~

1 ~~vote may nominate by resolution adopted by its governing body one~~  
2 ~~candidate for the district's board of directors. The presiding~~  
3 ~~officer of the conservation and reclamation district's governing~~  
4 ~~body shall submit the name of the district's nominee to the chief~~  
5 ~~appraiser before July 15 of each odd-numbered year. Before August~~  
6 ~~1, the chief appraiser shall prepare a nominating ballot, listing~~  
7 ~~all the nominees of conservation and reclamation districts~~  
8 ~~alphabetically by surname, and shall deliver a copy of the~~  
9 ~~nominating ballot to the presiding officer of the board of~~  
10 ~~directors of each district. The board of directors of each district~~  
11 ~~shall determine its vote by resolution and submit it to the chief~~  
12 ~~appraiser before August 15. The nominee on the ballot with the most~~  
13 ~~votes is the nominee of the conservation and reclamation districts~~  
14 ~~in the appraisal district if the nominee received more than 10~~  
15 ~~percent of the votes entitled to be cast by all of the conservation~~  
16 ~~and reclamation districts in the appraisal district, and shall be~~  
17 ~~named on the ballot with the candidates nominated by the other~~  
18 ~~taxing units. The chief appraiser shall resolve a tie vote by any~~  
19 ~~method of chance.~~

20 ~~[(i) If no nominee of the conservation and reclamation~~  
21 ~~districts receives more than 10 percent of the votes entitled to be~~  
22 ~~cast under Subsection (h), the chief appraiser, before September 1,~~  
23 ~~shall notify the presiding officer of the board of directors of each~~  
24 ~~conservation and reclamation district of the failure to select a~~  
25 ~~nominee. Each conservation and reclamation district may submit a~~  
26 ~~nominee by September 15 to the chief appraiser as provided by~~  
27 ~~Subsection (h). The chief appraiser shall submit a second~~



1 ~~nominating ballot by October 1 to the conservation and reclamation~~  
2 ~~districts as provided by Subsection (h). The conservation and~~  
3 ~~reclamation districts shall submit their votes for nomination~~  
4 ~~before October 15 as provided by Subsection (h). The nominee on the~~  
5 ~~second nominating ballot with the most votes is the nominee of the~~  
6 ~~conservation and reclamation districts in the appraisal district~~  
7 ~~and shall be named on the ballot with the candidates nominated by~~  
8 ~~the other taxing units. The chief appraiser shall resolve a tie~~  
9 ~~vote by any method of chance.~~

10 ~~[(j) Before October 30, the chief appraiser shall prepare a~~  
11 ~~ballot, listing the candidates alphabetically according to the~~  
12 ~~first letter in each candidate's surname, and shall deliver a copy~~  
13 ~~of the ballot to the presiding officer of the governing body of each~~  
14 ~~taxing unit that is entitled to vote.~~

15 ~~[(k) The governing body of each taxing unit entitled to vote~~  
16 ~~shall determine its vote by resolution and submit it to the chief~~  
17 ~~appraiser before November 15. The chief appraiser shall count the~~  
18 ~~votes, declare the five candidates who receive the largest~~  
19 ~~cumulative vote totals elected, and submit the results before~~  
20 ~~December 1 to the governing body of each taxing unit in the district~~  
21 ~~and to the candidates. For purposes of determining the number of~~  
22 ~~votes received by the candidates, the candidate receiving the most~~  
23 ~~votes of the conservation and reclamation districts is considered~~  
24 ~~to have received all of the votes cast by conservation and~~  
25 ~~reclamation districts and the other candidates are considered not~~  
26 ~~to have received any votes of the conservation and reclamation~~  
27 ~~districts. The chief appraiser shall resolve a tie vote by any~~

1 ~~method of chance.~~

2 ~~[(1) If a vacancy occurs on the board of directors other~~  
3 ~~than a vacancy in the position held by a county assessor-collector~~  
4 ~~serving as a nonvoting director, each taxing unit that is entitled~~  
5 ~~to vote by this section may nominate by resolution adopted by its~~  
6 ~~governing body a candidate to fill the vacancy. The unit shall~~  
7 ~~submit the name of its nominee to the chief appraiser within 10 days~~  
8 ~~after notification from the board of directors of the existence of~~  
9 ~~the vacancy, and the chief appraiser shall prepare and deliver to~~  
10 ~~the board of directors within the next five days a list of the~~  
11 ~~nominees. The board of directors shall elect by majority vote of~~  
12 ~~its members one of the nominees to fill the vacancy.~~

13 ~~[(m) If a school district participates in an appraisal~~  
14 ~~district in which the only property of the school district located~~  
15 ~~in the appraisal district is property annexed to the school~~  
16 ~~district under Subchapter C or G, Chapter 41, Education Code, an~~  
17 ~~individual who does not meet the residency requirements of~~  
18 ~~Subsection (a) is eligible to be appointed to the board of directors~~  
19 ~~of the appraisal district if:~~

20 ~~[(1) the individual is a resident of the school~~  
21 ~~district, and~~

22 ~~[(2) the individual is nominated as a candidate for~~  
23 ~~the board of directors by the school district or, if the taxing~~  
24 ~~units have adopted a change in the method of appointing board~~  
25 ~~members that does not require a nomination, the school district~~  
26 ~~appoints or participates in the appointment of the individual.]~~

27 Sec. 6.05. APPRAISAL OFFICE; CHIEF APPRAISER. (a) Except

1 as authorized by Subsection (b) [~~of this section~~], each appraisal  
2 district shall establish an appraisal office. The appraisal office  
3 must be located in the county for which the district is established.  
4 An appraisal district may establish branch appraisal offices  
5 outside the county for which the district is established.

6 (b) The county assessor-collector who governs [~~board of~~  
7 ~~directors of~~] an appraisal district may contract with an appraisal  
8 office in another district or with a taxing unit in the district to  
9 perform the duties of the appraisal office for the district.

10 (c) The county assessor-collector may serve as the chief  
11 appraiser for the appraisal district or may appoint another person  
12 to serve as the chief appraiser.

13 (d) A county assessor-collector who appoints a person to  
14 serve as the chief appraiser shall notify the comptroller and each  
15 taxing unit that participates in the appraisal district of that  
16 appointment.

17 (e) An appointed chief appraiser serves at the pleasure of  
18 the county assessor-collector and acts on behalf of the county  
19 assessor-collector on all matters delegated to the appointed chief  
20 appraiser by the county assessor-collector.

21 (f) The chief appraiser is the chief administrator of the  
22 appraisal office.

23 (g) An appointed [~~The chief appraiser is appointed by and~~  
24 ~~serves at the pleasure of the appraisal district board of~~  
25 ~~directors. If a taxing unit performs the duties of the appraisal~~  
26 ~~office pursuant to a contract, the assessor for the unit is the~~  
27 ~~chief appraiser.~~

1           ~~[(d) The]~~ chief appraiser is entitled to compensation as  
2 provided by the appraisal district budget for performing duties  
3 delegated to the appointed chief appraiser by the county  
4 assessor-collector ~~[adopted by the board of directors]~~. The chief  
5 appraiser ~~[He]~~ may employ and compensate professional, clerical,  
6 and other personnel as provided by the budget.

7           (h) ~~[(e)]~~ The chief appraiser may delegate authority to the  
8 chief appraiser's ~~[his]~~ employees.

9           (i) The county assessor-collector may not appoint a person  
10 to serve as the chief appraiser if the person is related to the  
11 county assessor-collector within the second degree by affinity or  
12 within the third degree by consanguinity, as determined under  
13 Chapter 573, Government Code. An appointed ~~[(f) The]~~ chief  
14 appraiser may not employ any individual related to the county  
15 assessor-collector ~~[a member of the board of directors]~~ within the  
16 second degree by affinity or within the third degree by  
17 consanguinity, as determined under Chapter 573, Government Code. A  
18 person commits an offense if the person intentionally or knowingly  
19 violates this subsection. An offense under this subsection is a  
20 misdemeanor punishable by a fine of not less than \$100 or more than  
21 \$1,000.

22           (j) ~~[(g)]~~ The chief appraiser is an officer of the appraisal  
23 district for purposes of the nepotism law, Chapter 573, Government  
24 Code. An appraisal district may not employ or contract with an  
25 individual or the spouse of an individual who is related to the  
26 chief appraiser within the first degree by consanguinity or  
27 affinity, as determined under Chapter 573, Government Code.

1        (k) A county assessor-collector who appoints a person to  
2 serve as the chief appraiser [~~(h) The board of directors of an~~  
3 ~~appraisal district by resolution~~] may prescribe that specified  
4 actions of the chief appraiser relating to the finances or  
5 administration of the appraisal district are subject to the  
6 approval of the county assessor-collector [~~board~~].

7        Sec. 6.051. OWNERSHIP OR LEASE OF REAL PROPERTY. (a) The  
8 county assessor-collector who governs [~~board of directors of~~] an  
9 appraisal district may purchase or lease real property and may  
10 construct improvements as necessary to establish and operate the  
11 appraisal office or a branch appraisal office.

12        (b) The acquisition or conveyance of real property or the  
13 construction or renovation of a building or other improvement by an  
14 appraisal district must be approved by the governing bodies of  
15 three-fourths of the group of taxing units composed of the  
16 municipalities, school districts, and county participating in the  
17 appraisal district [~~entitled to vote on the appointment of board~~  
18 ~~members~~]. The county assessor-collector [~~board of directors by~~  
19 ~~resolution~~] may propose a property transaction or other action for  
20 which this subsection requires approval of the taxing units. The  
21 county assessor-collector [~~chief appraiser~~] shall notify the  
22 presiding officer of each governing body entitled to vote on the  
23 approval of the proposal by delivering a copy of the proposal  
24 [~~board's resolution~~], together with information showing the costs  
25 of other available alternatives to the proposal. On or before the  
26 30th day after the date the presiding officer receives notice of the  
27 proposal, the governing body of a taxing unit by resolution may

1 approve or disapprove the proposal. If a governing body fails to  
2 act on or before that 30th day or fails to file its resolution with  
3 the county assessor-collector [~~chief appraiser~~] on or before the  
4 10th day after that 30th day, the proposal is treated as if it were  
5 disapproved by the governing body.

6 (c) The county assessor-collector [~~board of directors~~] may  
7 convey real property owned by the district, and the proceeds shall  
8 be credited to each taxing unit that participates in the district in  
9 proportion to the unit's allocation of the appraisal district  
10 budget in the year in which the transaction occurs. A conveyance  
11 must be approved as provided by Subsection (b) [~~of this section~~],  
12 and any proceeds shall be apportioned by an amendment to the annual  
13 budget made as provided by Section 6.06(c) [~~Subsection (c) of~~  
14 ~~Section 6.06 of this code~~].

15 [~~(d) An acquisition of real property by an appraisal~~  
16 ~~district before January 1, 1988, may be validated before March 1,~~  
17 ~~1988, in the manner provided by Subsection (b) of this section for~~  
18 ~~the acquisition of real property.~~]

19 SECTION 6. Section 6.06, Tax Code, is amended by amending  
20 Subsections (a)-(d) and (f)-(j) and adding Subsection (k) to read  
21 as follows:

22 (a) Each year the county assessor-collector [~~chief~~  
23 ~~appraiser~~] shall prepare a proposed budget for the operations of  
24 the district for the following tax year and shall submit copies to  
25 each taxing unit participating in the district [~~and to the district~~  
26 ~~board of directors~~] before June 15. The county assessor-collector  
27 [~~He~~] shall include in the budget a list showing each proposed

1 position, the proposed salary for the position, all benefits  
2 proposed for the position, each proposed capital expenditure, and  
3 an estimate of the amount of the budget that will be allocated to  
4 each taxing unit. Each taxing unit [~~entitled to vote on the~~  
5 ~~appointment of board members~~] shall maintain a copy of the proposed  
6 budget for public inspection at its principal administrative  
7 office.

8 (b) The county assessor-collector [~~board of directors~~]  
9 shall hold a public hearing to consider the budget. The county  
10 assessor-collector [~~secretary of the board~~] shall deliver to the  
11 presiding officer of the governing body of each taxing unit  
12 participating in the district not later than the 10th day before the  
13 date of the hearing a written notice of the date, time, and place  
14 fixed for the hearing. The county assessor-collector [~~board~~] shall  
15 complete the [~~its~~] hearings, make necessary [~~any~~] amendments to the  
16 proposed budget [~~it desires~~], and finally approve a budget before  
17 September 15. If governing bodies of a majority of the group of  
18 taxing units composed of the municipalities, school districts, and  
19 county participating in the appraisal district [~~taxing units~~  
20 ~~entitled to vote on the appointment of board members~~] adopt  
21 resolutions disapproving a budget and file them with the county  
22 assessor-collector [~~secretary of the board~~] within 30 days after  
23 its adoption, the budget does not take effect, and the county  
24 assessor-collector [~~board~~] shall adopt a new budget within 30 days  
25 of the disapproval.

26 (c) The county assessor-collector [~~board~~] may amend the  
27 approved budget at any time, but [~~the secretary of the board~~] must

1 deliver a written copy of a proposed amendment to the presiding  
2 officer of the governing body of each taxing unit participating in  
3 the district not later than the 30th day before the date the county  
4 assessor-collector approves the amendment [~~board acts on it~~].

5 (d) Each taxing unit participating in the district is  
6 allocated a portion of the amount of the budget equal to the  
7 proportion that the total taxable value [~~dollar amount~~] of property  
8 located [~~taxes imposed~~] in the unit [~~district by the unit~~] for the  
9 tax year in which the budget proposal is prepared bears to the sum  
10 of the total taxable value [~~dollar amount~~] of property located  
11 [~~taxes imposed~~] in each participating unit [~~the district by each~~  
12 ~~participating unit~~] for that year. For purposes of this subsection,  
13 the taxable value for each taxing unit is determined separately,  
14 without regard to the inclusion of the same property in the  
15 determination of the taxable value for other taxing units. If a  
16 taxing unit participates in two or more districts, only the taxable  
17 value of property appraised for the unit by [~~taxes imposed in~~] a  
18 district is [~~are~~] used to calculate the unit's cost allocations in  
19 that district. If the number of real property parcels in a taxing  
20 unit is less than 5 percent of the total number of real property  
21 parcels in the district and the total taxable value of property  
22 located in the taxing unit exceeds [~~imposes in excess of~~] 25 percent  
23 of the sum of the total taxable value of property in each  
24 participating taxing unit [~~total amount of the property taxes~~  
25 ~~imposed in the district by all of the participating taxing units~~]  
26 for a year, the unit's allocation may not exceed a percentage of the  
27 appraisal district's budget equal to three times the unit's



1 percentage of the total number of real property parcels appraised  
2 by the district.

3 (f) Payments shall be made to a depository designated by the  
4 county assessor-collector [~~district board of directors~~]. The  
5 district's funds may be disbursed only by a written check, draft, or  
6 order signed by the county assessor-collector [~~chairman and~~  
7 ~~secretary of the board or, if authorized by resolution of the board,~~  
8 ~~by the chief appraiser~~].

9 (g) If a taxing unit decides not to impose taxes for any tax  
10 year, the unit is not liable for any of the costs of operating the  
11 district in that year, and those costs are allocated among the other  
12 taxing units [~~as if that unit had not imposed taxes in the year used~~  
13 ~~to calculate allocations~~]. However, if that unit has made any  
14 payments, it is not entitled to a refund.

15 (h) If a newly formed taxing unit or a taxing unit that did  
16 not impose taxes in the preceding year imposes taxes in any tax  
17 year, that unit is allocated a portion of the amount budgeted to  
18 operate the district. The total taxable value for the current year  
19 of property in the unit and appraised for the unit by the district  
20 [~~as if it had imposed taxes in the preceding year, except that the~~  
21 ~~amount of taxes the unit imposes in the current year~~] is used to  
22 calculate its allocation. Before the total taxable value for the  
23 current year of property in the unit and appraised for the unit by  
24 the district [~~amount of taxes to be imposed for the current year~~] is  
25 known, the allocation may be based on an estimate to which the  
26 county assessor-collector [~~district board of directors~~] and the  
27 governing body of the unit agree, and the payments made after that

1 amount is known shall be adjusted to reflect the actual amount  
2 [~~imposed~~]. The payments of a newly formed taxing unit that has no  
3 source of funds are postponed until the unit has received adequate  
4 tax or other revenues.

5 (i) The fiscal year of an appraisal district is the calendar  
6 year unless the governing bodies of three-fourths of the group of  
7 taxing units composed of the municipalities, school districts, and  
8 county participating in the appraisal district [~~taxing units~~  
9 ~~entitled to vote on the appointment of board members~~] adopt  
10 resolutions proposing a different fiscal year and file them with  
11 the county assessor-collector [~~secretary of the board~~] not more  
12 than 12 and not less than eight months before the first day of the  
13 fiscal year proposed by the resolutions. If the fiscal year of an  
14 appraisal district is changed under this subsection, the county  
15 assessor-collector [~~chief appraiser~~] shall prepare a proposed  
16 budget for the fiscal year as provided by Subsection (a) [~~of this~~  
17 ~~section~~] before the 15th day of the seventh month preceding the  
18 first day of the fiscal year established by the change[~~7~~] and [~~the~~  
19 ~~board of directors~~] shall adopt a budget for the fiscal year as  
20 provided by Subsection (b) [~~of this section~~] before the 15th day of  
21 the fourth month preceding the first day of the fiscal year  
22 established by the change. Unless the appraisal district adopts a  
23 different method of allocation under Section 6.061 [~~of this code~~],  
24 the allocation of the budget to each taxing unit shall be calculated  
25 as provided by Subsection (d) [~~of this section~~] using the  
26 appropriate total taxable values [~~amount of property taxes imposed~~  
27 ~~by each participating taxing unit~~] in the most recent tax year

1 preceding the fiscal year established by the change for which the  
2 necessary information is available. Each taxing unit shall pay its  
3 allocation as provided by Subsection (e) [~~of this section~~], except  
4 that the first payment shall be made before the first day of the  
5 fiscal year established by the change and subsequent payments shall  
6 be made quarterly. The [~~In the year in which a change in the fiscal~~  
7 ~~year occurs, the~~] budget for the fiscal year that precedes the  
8 fiscal year established by the change [~~that takes effect on January~~  
9 ~~1 of that year~~] may be amended as necessary as provided by  
10 Subsection (c) [~~of this section in order~~] to accomplish the change  
11 in fiscal years.

12 (j) If the total amount of the payments made or due to be  
13 made by the taxing units participating in an appraisal district  
14 exceeds the amount actually spent or obligated to be spent during  
15 the fiscal year for which the payments were made, the county  
16 assessor-collector [~~chief appraiser~~] shall credit the excess  
17 amount against each taxing unit's allocated payments for the  
18 following year in proportion to the amount of each unit's budget  
19 allocation for the fiscal year for which the payments were made. If  
20 a taxing unit that paid its allocated amount is not allocated a  
21 portion of the district's budget for the following fiscal year, the  
22 county assessor-collector [~~chief appraiser~~] shall refund to the  
23 taxing unit its proportionate share of the excess funds not later  
24 than the 150th day after the end of the fiscal year for which the  
25 payments were made.

26 (k) In this subsection, "special district or authority"  
27 means any taxing unit other than a school district, municipality,

1 or county and includes a junior college district or hospital  
2 district. Notwithstanding any other provision of this section, if  
3 the sum total portion of the budget of the appraisal district  
4 allocated under another provision of this section to the special  
5 districts or authorities that participate in the appraisal district  
6 exceeds 10 percent of the budget, the sum total portion of the  
7 budget that may be allocated to those special districts or  
8 authorities may not exceed 10 percent. The other provisions of this  
9 section govern the allocation of:

10 (1) that portion of the budget among the special  
11 districts or authorities if more than one special district or  
12 authority participates in the appraisal district; and

13 (2) the remainder of the budget among the other taxing  
14 units that participate in the appraisal district.

15 SECTION 7. Section 6.061, Tax Code, is amended to read as  
16 follows:

17 Sec. 6.061. CHANGES IN METHOD OF FINANCING. (a) The  
18 county assessor-collector who governs [~~board of directors of~~] an  
19 appraisal district, by signed order [~~resolution adopted and~~]  
20 delivered to each taxing unit participating in the district after  
21 June 15 and before August 15, may prescribe a different method of  
22 allocating the costs of operating the district unless the governing  
23 body of any taxing unit that participates in the district adopts a  
24 resolution opposing the different method, and files it with the  
25 county assessor-collector [~~board of directors~~] before September 1.  
26 If a [~~board~~] proposal is rejected, the county assessor-collector  
27 [~~board~~] shall notify, in writing, each taxing unit participating in

1 the district before September 15.

2 (b) The taxing units participating in an appraisal district  
3 may adopt a different method of allocating the costs of operating  
4 the district if the governing bodies of three-fourths of the group  
5 of taxing units composed of the municipalities, school districts,  
6 and county participating in the appraisal district [~~taxing units~~  
7 ~~that are entitled to vote on the appointment of board members~~] adopt  
8 resolutions providing for the other method. However, a change  
9 under this subsection is not valid if it requires any taxing unit to  
10 pay a greater proportion of the appraisal district's costs than the  
11 unit would pay under Section 6.06 [~~of this code~~] without the consent  
12 of the governing body of that unit.

13 (c) An official copy of a resolution under this section must  
14 be filed with the county assessor-collector [~~chief appraiser of the~~  
15 ~~appraisal district~~] after April 30 and before May 15 or the  
16 resolution is ineffective.

17 (d) Before May 20, the county assessor-collector [~~chief~~  
18 ~~appraiser~~] shall determine whether a sufficient number of eligible  
19 taxing units have filed valid resolutions proposing a change in the  
20 allocation of district costs for the change to take effect. Before  
21 May 25, the county assessor-collector [~~chief appraiser~~] shall  
22 notify each taxing unit participating in the district of each  
23 change that is adopted.

24 (e) A change in allocation of district costs made as  
25 provided by this section remains in effect until changed in a manner  
26 provided by this section or rescinded by resolution of a majority of  
27 the governing bodies of the group of taxing units composed of the

1 municipalities, school districts, and county participating in the  
2 appraisal district [~~that are entitled to vote on appointment of~~  
3 ~~board members under Section 6.03 of this code~~].

4 SECTION 8. Sections 6.062(a) and (c), Tax Code, are amended  
5 to read as follows:

6 (a) Not later than the 10th day before the date of the public  
7 hearing at which the county assessor-collector [~~board of directors~~]  
8 considers the appraisal district budget, the county  
9 assessor-collector [~~chief appraiser~~] shall give notice of the  
10 public hearing by publishing the notice in a newspaper having  
11 general circulation in the county for which the appraisal district  
12 is established. The notice may not be smaller than one-quarter page  
13 of a standard-size or tabloid-size newspaper and may not be  
14 published in the part of the paper in which legal notices and  
15 classified advertisements appear.

16 (c) The notice must state that the appraisal district is  
17 supported solely by payments from the local taxing units served by  
18 the appraisal district. The notice must also contain the following  
19 statement: "If approved by the county tax assessor-collector  
20 [~~appraisal district board of directors~~] at the public hearing, this  
21 proposed budget will take effect automatically unless disapproved  
22 by the governing bodies of the county, school districts, and  
23 municipalities [~~cities, and towns~~] served by the appraisal  
24 district. A copy of the proposed budget is available for public  
25 inspection in the office of each of those governing bodies."

26 SECTION 9. Section 6.063, Tax Code, is amended to read as  
27 follows:

1           Sec. 6.063. FINANCIAL AUDIT. (a) At least once each year,  
2 the county assessor-collector who governs [~~board of directors of~~]  
3 an appraisal district shall have prepared an audit of its affairs by  
4 an independent certified public accountant or a firm of independent  
5 certified public accountants.

6           (b) The report of the audit is a public record. A copy of  
7 the report shall be delivered to the county assessor-collector, the  
8 county judge, and the presiding officer of the governing body of  
9 each municipality and school district participating in the  
10 appraisal district [~~taxing unit eligible to vote on the appointment~~  
11 ~~of district directors~~], and a reasonable number of copies shall be  
12 available for inspection at the appraisal office.

13           SECTION 10. Sections 6.09(b) and (c), Tax Code, are amended  
14 to read as follows:

15           (b) The county assessor-collector who governs an appraisal  
16 district [~~board of directors~~] shall designate as the district  
17 depository the financial institution or institutions that offer the  
18 most favorable terms and conditions for the handling of the  
19 district's funds.

20           (c) The county assessor-collector [~~board~~] shall solicit  
21 bids to be designated as depository for the district at least once  
22 in each two-year period.

23           SECTION 11. Sections 6.11(a) and (b), Tax Code, are amended  
24 to read as follows:

25           (a) The county assessor-collector who governs [~~board of~~  
26 ~~directors of~~] an appraisal district may not make a contract for the  
27 district requiring an expenditure of more than \$15,000 unless the

1 proposed contract is submitted to competitive bidding.

2 (b) The county assessor-collector [~~board of directors~~] is  
3 subject to the same requirements and has the same powers regarding  
4 the following matters as apply to a commissioners court under the  
5 Certificate of Obligation Act of 1971 (Subchapter C, Chapter 271,  
6 Local Government Code):

7 (1) notice of the contract;

8 (2) issuance of the contract to the lowest responsible  
9 bidder;

10 (3) rejection of bids;

11 (4) expenditure of funds on the completion and  
12 acceptance of the contract;

13 (5) exceptions to the competitive bidding  
14 requirement;

15 (6) change orders; and

16 (7) effect of noncompliance with the competitive  
17 bidding requirements.

18 SECTION 12. Sections 6.12(a) and (d), Tax Code, are amended  
19 to read as follows:

20 (a) The county assessor-collector who governs an [~~chief~~  
21 ~~appraiser of each~~] appraisal district shall appoint[, ~~with the~~  
22 ~~advice and consent of the board of directors,~~] an agricultural  
23 advisory board composed of three or more members as determined by  
24 the needs of the district [~~board~~].

25 (d) The board shall meet at the call of the county  
26 assessor-collector [~~chief appraiser~~] at least three times a year.

27 SECTION 13. Subchapter A, Chapter 6, Tax Code, is amended



1 by adding Section 6.15 to read as follows:

2 Sec. 6.15. CONTRACTS WITH TAXING UNITS. The county  
3 assessor-collector who governs an appraisal district may contract  
4 with the governing body of a taxing unit that participates in the  
5 appraisal district to consolidate employee benefit plans, vendor  
6 contracts, leases, or purchases if the consolidation will reduce  
7 the costs of those items for the appraisal district and the taxing  
8 unit.

9 SECTION 14. Sections 6.24(a) and (b), Tax Code, are amended  
10 to read as follows:

11 (a) The governing body of a taxing unit other than a county  
12 may contract as provided by Chapter 791, Government Code, for the  
13 performance of duties relating to the assessment or collection of  
14 taxes for the taxing unit [~~the Interlocal Cooperation Act~~] with:

15 (1) the governing body of another taxing unit [~~or with~~  
16 ~~the board of directors of an appraisal district~~] for the other unit  
17 [~~or the district~~] to perform those duties; or

18 (2) the county assessor-collector who governs an  
19 appraisal district for the appraisal district to perform those  
20 duties [~~relating to the assessment or collection of taxes~~].

21 (b) The commissioners court of a county with the approval of  
22 the county assessor-collector may contract as provided by Chapter  
23 791, Government Code, [~~the Interlocal Cooperation Act~~] with the  
24 governing body of another taxing unit in the county [~~or with the~~  
25 ~~board of directors of the appraisal district~~] for the other unit [~~or~~  
26 ~~the district~~] to perform duties relating to the assessment or  
27 collection of taxes for the county. The commissioners court may

1 contract as provided by Chapter 791, Government Code, with the  
2 county assessor-collector for the appraisal district established  
3 for the county to perform duties relating to the assessment or  
4 collection of taxes for the county. If a county contracts to have  
5 its taxes assessed and collected by another taxing unit or by the  
6 appraisal district, except as provided by Subsection (c), the  
7 contract shall require the other unit or the district to assess and  
8 collect all taxes the county is required to assess and collect.

9 SECTION 15. Section 6.26(f), Tax Code, is amended to read  
10 as follows:

11 (f) If a majority of the qualified voters voting on the  
12 question in the election favor the proposition, the entity or  
13 office named by the ballot shall perform the functions named by the  
14 ballot beginning with the next time property taxes are assessed or  
15 collected, as applicable, that is more than 90 days after the date  
16 of the election. If the governing bodies, ~~(+)~~ and the county  
17 assessor-collector who governs the appraisal district ~~[board of~~  
18 ~~directors]~~ when the district is involved, ~~(+)~~ agree, a function may  
19 be consolidated when performance of the function begins in less  
20 than 90 days after the date of the election.

21 SECTION 16. Sections 6.41(b), (d), (e), and (f), Tax Code,  
22 are amended to read as follows:

23 (b) The board consists of three members. However, the  
24 county assessor-collector who governs the appraisal district  
25 ~~[board of directors by resolution of a majority of its members]~~ may  
26 increase the size of the appraisal review board to not more than  
27 nine members or, in a district established for a county with a

1 population of at least 250,000, to not more than 40 members or, in a  
2 district established for a county with a population of at least  
3 500,000, to not more than 75 members.

4 (d) Members of the board are appointed by the governing  
5 bodies of the group of taxing units composed of the municipalities,  
6 school districts, and county participating in the appraisal  
7 district in accordance with a procedure adopted by the county  
8 assessor-collector who governs the appraisal district. The  
9 procedure shall provide for equal representation of each  
10 municipality, school district, and county participating in the  
11 appraisal district, to the extent practicable [~~by resolution of a~~  
12 ~~majority of the appraisal district board of directors~~]. A vacancy  
13 on the board is filled in the same manner for the unexpired portion  
14 of the term.

15 (e) Members of the board hold office for terms of two years  
16 beginning January 1. The county assessor-collector [~~appraisal~~  
17 ~~district board of directors by resolution~~] shall provide for  
18 staggered terms, so that the terms of as close to one-half of the  
19 members as possible expire each year. In making the initial or  
20 subsequent appointments, the county assessor-collector [~~board of~~  
21 ~~directors~~] shall designate those members who serve terms of one  
22 year as needed to comply with this subsection.

23 (f) A member of the board may be removed from the board by  
24 the county assessor-collector who governs [~~a majority vote of~~] the  
25 appraisal district [~~board of directors~~]. Grounds for removal are:

26 (1) a violation of Section 6.412, 6.413, 41.66(f), or  
27 41.69; or

1           (2) good cause relating to the attendance of members  
2 at called meetings of the board as established by written policy  
3 adopted by the county assessor-collector [~~a majority of the~~  
4 ~~appraisal district board of directors~~].

5           SECTION 17. Sections 6.412(c) and (d), Tax Code, are  
6 amended to read as follows:

7           (c) A person is ineligible to serve on the appraisal review  
8 board if the person is the county assessor-collector [~~a member of~~  
9 ~~the board of directors~~], an officer [~~7~~] or employee of the appraisal  
10 district, an employee of the comptroller, or a member of the  
11 governing body, an officer, or an employee of a taxing unit.

12           (d) A person is ineligible to serve on the appraisal review  
13 board of an appraisal district established for a county having a  
14 population of more than 100,000:

15           (1) if the person:

16                   (A) has served for all or part of three previous  
17 terms as a board member or auxiliary board member on the appraisal  
18 review board; or

19                   (B) is a former county assessor-collector who  
20 governed the appraisal district or a former [~~member of the board of~~  
21 ~~directors~~], officer [~~7~~] or employee of the appraisal district; [~~or~~]

22           (2) if the person served as a member of the governing  
23 body or as an officer of a taxing unit for which the appraisal  
24 district appraises property, until the fourth anniversary of the  
25 date the person ceased to be a member or officer; or

26           (3) if the person has ever appeared before the  
27 appraisal review board for compensation.

1 SECTION 18. Section 25.01(b), Tax Code, is amended to read  
2 as follows:

3 (b) The county assessor-collector who governs the appraisal  
4 district [~~chief appraiser with the approval of the board of~~  
5 ~~directors of the district~~] may contract with a private appraisal  
6 firm to perform appraisal services for the district, subject to the  
7 county assessor-collector's [~~his~~] approval. A contract for private  
8 appraisal services is void if the amount of compensation to be paid  
9 the private appraisal firm is contingent on the amount of or  
10 increase in appraised, assessed, or taxable value of property  
11 appraised by the appraisal firm.

12 SECTION 19. Section 25.19(e), Tax Code, is amended to read  
13 as follows:

14 (e) The chief appraiser, with the approval of the county  
15 assessor-collector who governs the appraisal district if the county  
16 assessor-collector is not the chief appraiser [~~appraisal district~~  
17 ~~board of directors~~], may dispense with the notice required by  
18 Subsection (a)(1) if the amount of increase in appraised value is  
19 \$1,000 or less.

20 SECTION 20. Section 25.25(b), Tax Code, is amended to read  
21 as follows:

22 (b) The chief appraiser may change the appraisal roll at any  
23 time to correct a name or address, a determination of ownership, a  
24 description of property, multiple appraisals of a property, or a  
25 clerical error or other inaccuracy as prescribed by board rule that  
26 does not increase the amount of tax liability. Before the 10th day  
27 after the end of each calendar quarter, the chief appraiser shall

1 submit to the appraisal review board and, if the county  
2 assessor-collector is not the chief appraiser, to the county  
3 assessor-collector who governs [~~board of directors of~~] the  
4 appraisal district a written report of each change made under this  
5 subsection that decreases the tax liability of the owner of the  
6 property. The report must include:

- 7 (1) a description of each property; and  
8 (2) the name of the owner of that property.

9 SECTION 21. Section 41.66(g), Tax Code, is amended to read  
10 as follows:

11 (g) At the beginning of a hearing on a protest, each member  
12 of the appraisal review board hearing the protest must sign an  
13 affidavit stating that the board member has not communicated with  
14 another person in violation of Subsection (f). If a board member has  
15 communicated with another person in violation of Subsection (f),  
16 the member must be recused from the proceeding and may not hear,  
17 deliberate on, or vote on the determination of the protest. The  
18 county assessor-collector who governs [~~board of directors of~~] the  
19 appraisal district shall adopt and implement a policy concerning  
20 the temporary replacement of an appraisal review board member who  
21 has communicated with another person in violation of Subsection  
22 (f).

23 SECTION 22. Section 42.02, Tax Code, is amended to read as  
24 follows:

25 Sec. 42.02. RIGHT OF APPEAL BY CHIEF  
26 APPRAISER. (a) The [~~On written approval of the board of~~  
27 ~~directors of the appraisal district, the~~] chief appraiser is

1 entitled to appeal an order of the appraisal review board  
2 determining:

3 (1) a taxpayer protest as provided by Subchapter C,  
4 Chapter 41; or

5 (2) a taxpayer's motion to change the appraisal roll  
6 filed under Section 25.25.

7 (b) The county assessor-collector must approve the appeal  
8 in writing if the county assessor-collector is not the chief  
9 appraiser.

10 SECTION 23. Subchapter Z, Chapter 152, Local Government  
11 Code, is amended by adding Section 152.908 to read as follows:

12 Sec. 152.908. COMPENSATION OF COUNTY TAX  
13 ASSESSOR-COLLECTOR. In setting the amount of the compensation of  
14 the county tax assessor-collector, the commissioners court of the  
15 county may not take into account the compensation the county tax  
16 assessor-collector receives for administering the appraisal  
17 district established for the county.

18 SECTION 24. Section 1151.004(a), Occupations Code, is  
19 amended to read as follows:

20 (a) A county assessor-collector [~~An appraisal district~~  
21 ~~board of directors~~] or a governing body may not, as a necessity for  
22 employment, require an appraiser, assessor, or collector to:

23 (1) act in an unprofessional manner; or

24 (2) violate this chapter.

25 SECTION 25. The heading to Section 1151.151, Occupations  
26 Code, is amended to read as follows:

27 Sec. 1151.151. REGISTRATION REQUIRED; EXEMPTIONS

1 ~~[EXEMPTION]~~.

2 SECTION 26. Section 1151.151, Occupations Code, is amended  
3 by amending Subsection (b) and adding Subsections (c) and (d) to  
4 read as follows:

5 (b) A county assessor-collector is not required to register  
6 with the board as an assessor, assessor-collector, or collector if  
7 the county:

8 (1) has a population of one million or more; or

9 (2) by contract entered into under Section 6.24(b),  
10 Tax Code, has its taxes assessed and collected by another taxing  
11 unit ~~[or an appraisal district]~~.

12 (c) A county assessor-collector is not required to register  
13 with the board as an appraiser if the duties of the appraisal office  
14 for the appraisal district established for the county are performed  
15 by another appraisal district or by a taxing unit under a contract  
16 authorized by Section 6.05(b), Tax Code.

17 (d) The exemption under Subsection (c) exists only while a  
18 contract under Section 6.05(b), Tax Code, is in effect.

19 SECTION 27. The following provisions of the Tax Code are  
20 repealed:

21 (1) Section 6.031;

22 (2) Section 6.033;

23 (3) Section 6.034;

24 (4) Section 6.035;

25 (5) Section 6.036;

26 (6) Section 6.037;

27 (7) Section 6.04;



- 1           (8) Section 6.052;
- 2           (9) Section 6.10; and
- 3           (10) Section 31.03(c).

4           SECTION 28. (a) On the effective date of this Act, the tax  
5 assessor-collector of each county begins to govern the appraisal  
6 district established for that county and begins to serve as the  
7 chief appraiser of the appraisal district, and the board of  
8 directors of each appraisal district ceases to exist. On that date,  
9 the appraisal district as governed by the county tax  
10 assessor-collector succeeds to all the rights, duties, privileges,  
11 property, obligations, and liabilities of the appraisal district as  
12 governed by the board of directors.

13           (b) A measure taken or adopted by an appraisal district  
14 board of directors before the effective date of this Act that is in  
15 effect on the effective date continues in effect after the  
16 effective date of this Act until superseded by the county tax  
17 assessor-collector governing the district.

18           (c) The amendment by this Act of Section 6.02, Tax Code,  
19 does not affect the choice of a taxing unit to participate in a  
20 single appraisal district before the effective date of this Act.

21           (d) The amendment by this Act of Section 6.41, Tax Code,  
22 does not affect the term of a member of an appraisal review board  
23 appointed before the effective date of this Act.

24           SECTION 29. This Act takes effect January 1, 2004.