

By: Wohlgemuth

H.B. No. 3072

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the determination of school district property values
3 and the accountability of appraisal district operations.

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

5 SECTION 1. Section 403.301, Government Code, is amended to
6 read as follows:

7 Sec. 403.301. PURPOSE. It is the policy of this state to
8 ensure equity among taxpayers in the burden of school district
9 taxes and among school districts in the distribution [~~payment~~] of
10 state financial aid for public education [~~to schools~~]. The purpose
11 of this subchapter is to promote that policy [~~equity~~] by providing
12 for uniformity in local property appraisal [~~the tax appraisal and~~
13 ~~assessment~~] practices and procedures and in the determination of
14 property values for schools in order to distribute state funding
15 equitably [~~of school district tax offices, for improvement in the~~
16 ~~administration and operation of school district tax offices, and~~
17 ~~for greater competence among persons appraising and assessing~~
18 ~~school districts' taxes~~].

19 SECTION 2. Subchapter M, Chapter 403, Government Code, is
20 amended by adding Section 403.3011 to read as follows:

21 Sec. 403.3011. DEFINITIONS. In this subchapter:

22 (1) "Annual study" means the study required of the
23 comptroller by Section 403.302(a).

24 (2) "Eligible school district" means a school district

1 for which the comptroller has determined the following:

2 (A) in the most recent annual study, the local
3 value is invalid under Section 403.302(c) and does not exceed the
4 state value for the school district determined by the comptroller;
5 and

6 (B) in the annual study for each of the two years
7 preceding the most recent annual study, the school district's local
8 value was valid under Section 403.302(c).

9 (3) "Local value" means the market value of property
10 in a school district as determined by the appraisal district that
11 appraises property for the school district, less the total amounts
12 and values listed in Section 403.302(d) as determined by that
13 appraisal district.

14 (4) "State value" means the value determined for a
15 school district by the comptroller as provided by Sections
16 403.302(a) and (b).

17 SECTION 3. Section 403.302, Government Code, is amended by
18 amending Subsections (c) and (h) and adding Subsections (l) and (m)
19 to read as follows:

20 (c) If the comptroller determines in the annual study that
21 the local value for [~~the market value of property in~~] a school
22 district [~~as determined by the appraisal district that appraises~~
23 ~~property for the school district, less the total of the amounts and~~
24 ~~values listed in Subsection (d) as determined by that appraisal~~
25 ~~district,~~] is valid, the local value [~~the market value of property~~
26 ~~in the school district as determined by the appraisal district that~~
27 ~~appraises property for the school district, less the total of the~~

1 ~~amounts and values listed in Subsection (d) as determined by that~~
2 ~~appraisal district,~~] is presumed to represent taxable value for the
3 school district. In the absence of that [~~such a~~] presumption,
4 taxable value for a school district is the state value for the
5 school district determined by the comptroller under Subsections
6 [~~Subsection~~] (a) and (b), unless local value exceeds state value,
7 in which case taxable value for the school district is the
8 district's local value.

9 (h) The [~~On request of the commissioner of education or a~~
10 ~~school district, the~~] comptroller may audit [~~a school district to~~
11 ~~determine~~] the total taxable value of property in a [~~the~~] school
12 district and may revise the findings of value in response to a
13 request by a school district or the commissioner of education. The
14 grounds for a request for a revision audit are limited to
15 corrections and changes in a school district's appraisal roll that
16 occurred after preliminary certification of the annual study
17 findings. The request for a revision audit must be filed with the
18 comptroller within three years after the date of final
19 certification of the findings to the commissioner of education,
20 except that requests for a revision audit based on changes in value
21 due to judicial determinations and material reductions in value
22 resulting from corrections of appraisal rolls made under Section
23 25.25, Tax Code, must be requested within one year after the date of
24 certification of the changes to the appraisal rolls by the chief
25 appraiser. The comptroller may adopt rules to facilitate the
26 efficient audit of total taxable value [~~, including the productivity~~
27 ~~values of land only if the land qualifies for appraisal on that~~

1 ~~basis and the owner of the land has applied for and received a~~
2 ~~productivity appraisal].~~ The comptroller shall certify the
3 comptroller's findings to the commissioner of education.

4 (l) If after conducting the annual study for the year 2003
5 or a subsequent year, the comptroller determines that a school
6 district is an eligible school district for that year and the
7 following year, the taxable value for the school district is the
8 district's local value. Within 12 months after the determination
9 that a school district is an eligible school district, the
10 comptroller shall complete an appraisal standards review of the
11 appraisal district that appraises property for the school district
12 as provided by Section 5.102, Tax Code.

13 (m) Notwithstanding a determination by the comptroller in
14 the annual study conducted for the year 2002 that a school
15 district's local value is invalid, for that year the taxable value
16 for the school district is the district's local value. This
17 subsection expires September 30, 2004.

18 SECTION 4. Section 5.07(c), Tax Code, is amended to read as
19 follows:

20 (c) The comptroller shall also prescribe a uniform record
21 system to be used by all offices appraising property for tax
22 purposes. The record system must include a compilation of
23 information in the records of the office concerning sales of
24 property within the boundaries of the appraisal district.

25 SECTION 5. Chapter 5, Tax Code, is amended by adding Section
26 5.071 to read as follows:

27 Sec. 5.071. REPORT OF PROPERTY SALES INFORMATION TO

1 COMPTROLLER. The information concerning sales of property
2 maintained in the uniform record system prescribed under Section
3 5.07(c) shall be submitted annually in a form prescribed by the
4 comptroller for use in conducting the annual study of school
5 district property values under Section 403.302, Government Code.

6 SECTION 6. Section 5.102, Tax Code, is amended to read as
7 follows:

8 Sec. 5.102. REVIEW OF APPRAISAL STANDARDS. (a) The
9 comptroller shall review the appraisal standards, procedures, and
10 methodology used by each appraisal district in which the
11 comptroller determines that a school district is an eligible school
12 district as defined by Section 403.3011, Government Code, to
13 determine compliance with generally accepted appraisal standards
14 and practices. The comptroller by rule may establish procedures
15 and standards for conducting the review.

16 (b) If the review results in a finding that an appraisal
17 district is not in compliance with generally accepted appraisal
18 standards and practices, the comptroller shall deliver a report
19 that details the comptroller's findings and recommendations for
20 improvement to the appraisal district's chief appraiser and board
21 of directors and to the superintendent and board of trustees of each
22 school district participating in the appraisal district.

23 (c) In conducting the review, the comptroller is entitled to
24 access to all records and reports of the appraisal district and to
25 the assistance of appraisal district employees or officers [~~if~~
26 ~~noncompliance with generally accepted appraisal standards and~~
27 ~~practices is found in two consecutive reviews and if an affected~~

1 ~~appraisal district's chief appraiser and board of directors fail to~~
2 ~~take effective remedial action as determined by the comptroller,~~
3 ~~the comptroller may appoint a special master who may exercise~~
4 ~~supervision and control over the operations of the district until~~
5 ~~full compliance with generally accepted appraisal standards and~~
6 ~~practices is achieved. The appraisal district shall bear the costs~~
7 ~~related to the master's supervision and control].~~

8 (d) If the appraisal district fails to comply with the
9 recommendations made in the review and the comptroller finds that
10 the appraisal district board of directors failed to take remedial
11 action within one year after the issuance of the report of the
12 review, the comptroller shall notify the judge of each district
13 court in the county, who shall appoint a five-member board of
14 conservators to implement the recommendations. The members of the
15 board of conservators shall exercise supervision and control over
16 the operations of the appraisal district until the comptroller
17 determines under Subchapter M, Chapter 403, Government Code, that
18 the local value for each school district for which the appraisal
19 district appraises property is valid in the annual study for the
20 same year. The appraisal district shall bear the costs related to
21 the supervision and control by the board of conservators.

22 SECTION 7. Section 5.12, Tax Code, is amended by adding
23 Subsection (h) to read as follows:

24 (h) In addition to the performance audits required by
25 Subsections (a), (b), and (c) and the review of appraisal standards
26 required by Section 5.102, the comptroller may audit an appraisal
27 district to analyze the effectiveness and efficiency of the

1 policies, management, and operations of the appraisal district.
2 The results of the audit shall be delivered in a report that details
3 the comptroller's findings and recommendations for improvement to
4 the appraisal district's chief appraiser and board of directors and
5 to the governing body of each taxing unit participating in the
6 appraisal district. The comptroller may require reimbursement by
7 the appraisal district for some or all of the costs of the audit,
8 not to exceed the actual costs associated with conducting the
9 audit.

10 SECTION 8. This Act takes effect immediately if it receives
11 a vote of two-thirds of all the members elected to each house, as
12 provided by Section 39, Article III, Texas Constitution. If this
13 Act does not receive the vote necessary for immediate effect, this
14 Act takes effect September 1, 2003.