

By: Staples

S.B. No. 671

A BILL TO BE ENTITLED

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AN ACT

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

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

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

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

(b) In this subchapter:

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

(2) "Eligible school district" means a school district for which the comptroller has determined the following:

(A) in the most recent annual study, the local

1 value is invalid under Section 403.302(c) and does not exceed the
2 state value determined by the comptroller;

3 (B) in the annual study for each of the two years
4 preceding the most recent annual study, the school district's local
5 value was valid under Section 403.302(c); and

6 (C) in the most recent annual study, the
7 aggregate local value of all of the categories of property sampled
8 by the comptroller is not less than 95 percent of the lower limit of
9 the margin of error as determined by the comptroller of the
10 aggregate value as determined by the comptroller of all of the
11 categories of property sampled by the comptroller.

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

17 (4) "State value" means the value determined by the
18 comptroller as provided by Sections 403.302(a) and (b).

19 SECTION 2. Section 403.302, Government Code, is amended by
20 amending Subsections (c) and (h) and adding Subsections (l) and (m)
21 to read as follows:

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

1 ~~district as determined by the appraisal district that appraises~~
2 ~~property for the school district, less the total of the amounts and~~
3 ~~values listed in Subsection (d) as determined by that appraisal~~
4 ~~district,]~~ is presumed to represent taxable value. In the absence
5 of such a presumption, taxable value is the state value determined
6 by the comptroller under Subsections [~~Subsection~~] (a) and (b)
7 unless local value exceeds state value, in which case local value
8 shall represent taxable 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's tax roll that occurred after
16 preliminary certification of the annual study findings. The
17 request for a revision audit must be filed with the comptroller
18 within three years after the final certification of the findings to
19 the commissioner of education, except for changes in value due to
20 judicial determinations and material reductions in value resulting
21 from corrections of appraisal rolls made under Section 25.25, Tax
22 Code, that may be requested within one year after certification of
23 the changes to the appraisal rolls by the chief appraiser. The
24 comptroller may adopt rules to facilitate the efficient audit of
25 total taxable value [~~, including the productivity values of land~~
26 ~~only if the land qualifies for appraisal on that basis and the owner~~
27 ~~of the land has applied for and received a productivity appraisal].~~

1 The comptroller shall certify the comptroller's findings to the
2 commissioner of education.

3 (1) Beginning with the annual study conducted for the year
4 2004, the comptroller shall substitute local value for state value
5 in an eligible school district and local value shall represent
6 taxable value in the annual study for which the school district
7 becomes eligible and in the annual study immediately following the
8 annual study for which the school district becomes eligible.
9 Within 12 months of the substitution of local value for state value
10 as provided by this subsection, the comptroller shall complete an
11 appraisal standards review of the appraisal district that appraises
12 property for the school district, as provided by Section 5.102, Tax
13 Code.

14 (m) If the comptroller has certified local value as taxable
15 value for a school district in which local value is invalid and
16 exceeds state value, as provided by Subsection (c), the
17 commissioner of education shall compute the amount by which each
18 district's allocation of state funding is affected by this
19 certification rather than a certification of state value. The
20 total amount of state funding difference shall be allocated
21 proportionately to the school districts with certified state values
22 and maintenance and operation tax rates that exceed \$1.42. This
23 subsection applies only to school funding for fiscal years 2004 and
24 2005.

25 SECTION 3. Subsection (c), Section 5.07, Tax Code, is
26 amended to read as follows:

27 (c) The comptroller shall also prescribe a uniform record

1 system to be used by all offices appraising property for tax
2 purposes. The record system must include a compilation of
3 information concerning sales of property within the boundaries of
4 the appraisal district. The sales information maintained in the
5 uniform record system shall be submitted annually in a form
6 prescribed by the comptroller for use in conducting the annual
7 study of school district property values under Section 403.302,
8 Government Code.

9 SECTION 4. Section 5.102, Tax Code, is amended to read as
10 follows:

11 Sec. 5.102. REVIEW OF APPRAISAL STANDARDS. (a) The
12 comptroller shall review the appraisal standards, procedures, and
13 methodology used by each appraisal district in which the
14 comptroller finds that a school district is an eligible school
15 district as defined by Section 403.301(b), Government Code, to
16 determine compliance with generally accepted appraisal standards
17 and practices. The comptroller may establish by rule procedures
18 and standards for conducting the review.

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

26 (c) In conducting the review, the comptroller is entitled to
27 access to all records and reports of the appraisal district and to

1 the assistance of appraisal district employees or officers [~~if~~
2 ~~noncompliance with generally accepted appraisal standards and~~
3 ~~practices is found in two consecutive reviews and if an affected~~
4 ~~appraisal district's chief appraiser and board of directors fail to~~
5 ~~take effective remedial action as determined by the comptroller,~~
6 ~~the comptroller may appoint a special master who may exercise~~
7 ~~supervision and control over the operations of the district until~~
8 ~~full compliance with generally accepted appraisal standards and~~
9 ~~practices is achieved. The appraisal district shall bear the costs~~
10 ~~related to the master's supervision and control~~].

11 (d) If the appraisal district fails to comply with the
12 recommendations made in the review and the comptroller finds that
13 the appraisal district board of directors failed to take remedial
14 action within one year after the issuance of the review, the
15 comptroller shall notify the district judges serving in the county,
16 who shall appoint a five-member board of conservators to implement
17 the recommendations. The members of the board of conservators
18 shall exercise supervision and control over the operations of the
19 appraisal district until all school districts for which the
20 appraisal district appraises property are determined by the
21 comptroller to have valid local value under Subchapter M, Chapter
22 403, Government Code, in the same annual study. The appraisal
23 district shall bear the costs related to the supervision and
24 control by the board of conservators.

25 SECTION 5. Section 5.12, Tax Code, is amended by adding
26 Subsection (h) to read as follows:

27 (h) In addition to the performance audits required by

1 Subsections (a), (b), and (c) and the review of appraisal standards
2 required by Section 5.102, the comptroller may audit an appraisal
3 district to analyze the effectiveness and efficiency of the
4 policies, management, and operations of the appraisal district.
5 The results of the audit shall be delivered in a report that details
6 the comptroller's findings and recommendations for improvement to
7 the appraisal district's chief appraiser and board of directors and
8 the governing bodies of all taxing units participating in the
9 appraisal district. The comptroller may require reimbursement by
10 the appraisal district for some or all of the costs of the audit,
11 not to exceed the actual costs associated with conducting the
12 audit.

13 SECTION 6. This Act takes effect immediately if it receives
14 a vote of two-thirds of all the members elected to each house, as
15 provided by Section 39, Article III, Texas Constitution. If this
16 Act does not receive the vote necessary for immediate effect, this
17 Act takes effect September 1, 2003.