

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; and

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

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

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

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

16 (c) If the comptroller determines in the annual study that  
17 local value [~~the market value of property in a school district as~~  
18 ~~determined by the appraisal district that appraises property for~~  
19 ~~the school district, less the total of the amounts and values listed~~  
20 ~~in Subsection (d) as determined by that appraisal district,~~] is  
21 valid, local value [~~the market value of property in the 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 presumed to represent taxable value. In the absence  
26 of such a presumption, taxable value is the state value determined  
27 by the comptroller under Subsections [~~Subsection~~] (a) and (b),

1 unless local value exceeds state value, in which case, local value  
2 shall represent taxable value.

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

24 (1) Beginning with the annual study conducted for the year  
25 2003, the comptroller shall substitute local value for state value  
26 in an eligible school district and local value shall represent  
27 taxable value in the annual study for which the school district

1 becomes eligible and in the annual study immediately following the  
2 annual study for which the school district becomes eligible.  
3 Within 12 months of the substitution of local value for state value  
4 as provided by this subsection, the comptroller shall complete an  
5 appraisal standards review of the appraisal district that appraises  
6 property for the school district, as provided by Section 5.102, Tax  
7 Code.

8 (m) Notwithstanding a determination by the comptroller in  
9 the annual study conducted for the year 2002 that a school  
10 district's local value is invalid, for that year the comptroller  
11 shall substitute the local value for the state value and local value  
12 shall represent taxable value for the school district. This  
13 subsection expires September 30, 2003.

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

16 (c) The comptroller shall also prescribe a uniform record  
17 system to be used by all offices appraising property for tax  
18 purposes. The record system must include a compilation of  
19 information concerning sales of property within the boundaries of  
20 the appraisal district. The sales information maintained in the  
21 uniform record system shall be submitted annually in a form  
22 prescribed by the comptroller for use in conducting the annual  
23 study of school district property values under Section 403.302,  
24 Government Code.

25 SECTION 4. Section 5.102, Tax Code, is amended to read as  
26 follows:

27 Sec. 5.102. REVIEW OF APPRAISAL STANDARDS. (a) The

1 comptroller shall review the appraisal standards, procedures, and  
2 methodology used by each appraisal district in which the  
3 comptroller finds that a school district is an eligible school  
4 district as defined by Section 403.301(b), Government Code, to  
5 determine compliance with generally accepted appraisal standards  
6 and practices. The comptroller may establish by rule procedures  
7 and standards for conducting the review.

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 appraisal district's chief appraiser and board  
13 of directors and the superintendent and board of trustees of each  
14 school district participating in the appraisal district.

15 (c) In conducting the review, the comptroller is entitled to  
16 access to all records and reports of the appraisal district and to  
17 the assistance of appraisal district employees or officers [~~if~~  
18 ~~noncompliance with generally accepted appraisal standards and~~  
19 ~~practices is found in two consecutive reviews and if an affected~~  
20 ~~appraisal district's chief appraiser and board of directors fail to~~  
21 ~~take effective remedial action as determined by the comptroller,~~  
22 ~~the comptroller may appoint a special master who may exercise~~  
23 ~~supervision and control over the operations of the district until~~  
24 ~~full compliance with generally accepted appraisal standards and~~  
25 ~~practices is achieved. The appraisal district shall bear the costs~~  
26 ~~related to the master's supervision and control]~~

27 (d) If the appraisal district fails to comply with the

1 recommendations made in the review and the comptroller finds that  
2 the appraisal district board of directors failed to take remedial  
3 action within one year after the issuance of the review, the  
4 comptroller shall notify the district judges serving in the county,  
5 who shall appoint a five-member board of conservators to implement  
6 the recommendations. The members of the board of conservators  
7 shall exercise supervision and control over the operations of the  
8 appraisal district until all school districts for which the  
9 appraisal district appraises property are determined by the  
10 comptroller to have valid local value under Subchapter M, Chapter  
11 403, Government Code, in the same annual study. The appraisal  
12 district shall bear the costs related to the supervision and  
13 control by the board of conservators.

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

16 (h) In addition to the performance audits required by  
17 Subsections (a), (b), and (c) and the review of appraisal standards  
18 required by Section 5.102, the comptroller may audit an appraisal  
19 district to analyze the effectiveness and efficiency of the  
20 policies, management, and operations of the appraisal district.  
21 The results of the audit shall be delivered in a report that details  
22 the comptroller's findings and recommendations for improvement to  
23 the appraisal district's chief appraiser and board of directors and  
24 the governing bodies of all taxing units participating in the  
25 appraisal district. The comptroller may require reimbursement by  
26 the appraisal district for some or all of the costs of the audit,  
27 not to exceed the actual costs associated with conducting the

1 audit.

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