

1-1 By: Staples S.B. No. 671
1-2 (In the Senate - Filed February 24, 2003; February 27, 2003,
1-3 read first time and referred to Committee on Education;
1-4 April 29, 2003, reported adversely, with favorable Committee
1-5 Substitute by the following vote: Yeas 9, Nays 0; April 29, 2003,
1-6 sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 671 By: Staples

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to the determination of school district property values
1-11 and the accountability of appraisal district operations.

1-12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-13 SECTION 1. Section 403.301, Government Code, is amended to
1-14 read as follows:

1-15 Sec. 403.301. PURPOSE. (a) It is the policy of this state
1-16 to ensure equity among taxpayers in the burden of school district
1-17 taxes and among school districts in the distribution [payment] of
1-18 state financial aid for public education [~~to schools~~]. The purpose
1-19 of this subchapter is to promote that policy [equity] by providing
1-20 for uniformity in local property appraisal [the tax appraisal and
1-21 assessment] practices and procedures and in the determination of
1-22 property values for schools in order to distribute state funding
1-23 equitably [of school district tax offices, for improvement in the
1-24 administration and operation of school district tax offices, and
1-25 for greater competence among persons appraising and assessing
1-26 school districts' taxes].

1-27 (b) In this subchapter:

1-28 (1) "Annual study" means the study required of the
1-29 comptroller by Section 403.302(a).

1-30 (2) "Eligible school district" means a school district
1-31 for which the comptroller has determined the following:

1-32 (A) in the most recent annual study, the local
1-33 value is invalid under Section 403.302(c) and does not exceed the
1-34 state value determined by the comptroller; and

1-35 (B) in the annual study for each of the two
1-36 consecutive years preceding the most recent annual study, the
1-37 school district's local value was valid under Section 403.302(c).

1-38 (3) "Local value" means the market value of property
1-39 in a school district as determined by the appraisal district that
1-40 appraises property for the school district, less the total amounts
1-41 and values listed in Section 403.302(d) as determined by that
1-42 appraisal district.

1-43 (4) "State value" means the value determined by the
1-44 comptroller as provided by Sections 403.302(a) and (b).

1-45 SECTION 2. Section 403.302, Government Code, is amended by
1-46 amending Subsections (c) and (h) and adding Subsections (l) and (m)
1-47 to read as follows:

1-48 (c) If the comptroller determines in the annual study that
1-49 local value [the market value of property in a school district as
1-50 determined by the appraisal district that appraises property for
1-51 the school district, less the total of the amounts and values listed
1-52 in Subsection (d) as determined by that appraisal district,] is
1-53 valid, local value [the market value of property in the school
1-54 district as determined by the appraisal district that appraises
1-55 property for the school district, less the total of the amounts and
1-56 values listed in Subsection (d) as determined by that appraisal
1-57 district,] is presumed to represent taxable value. In the absence
1-58 of such a presumption, taxable value is the state value determined
1-59 by the comptroller under Subsections [Subsection] (a) and (b)
1-60 unless local value exceeds state value, in which case local value
1-61 shall represent taxable value.

1-62 (h) The [On request of the commissioner of education or a
1-63 school district, the] comptroller may audit [a school district to

2-1 ~~determine~~] the total taxable value of property in a ~~the~~ school
 2-2 district and may revise the findings of value in response to a
 2-3 request by a school district or the commissioner of education. The
 2-4 grounds for a request for a revision audit are limited to
 2-5 corrections and changes in a school's tax roll that occurred after
 2-6 preliminary certification of the annual study findings. The
 2-7 request for a revision audit must be filed with the comptroller
 2-8 within three years after the final certification of the findings to
 2-9 the commissioner of education, except for changes in value due to
 2-10 judicial determinations and material reductions in value resulting
 2-11 from corrections of appraisal rolls made under Section 25.25, Tax
 2-12 Code, that may be requested within one year after certification of
 2-13 the changes to the appraisal rolls by the chief appraiser. The
 2-14 comptroller may adopt rules to facilitate the efficient audit of
 2-15 total taxable value~~], including the productivity values of land~~
 2-16 ~~only if the land qualifies for appraisal on that basis and the owner~~
 2-17 ~~of the land has applied for and received a productivity appraisal].~~
 2-18 The comptroller shall certify the comptroller's findings to the
 2-19 commissioner of education.

2-20 (l) Beginning with the annual study conducted for the year
 2-21 2004, the comptroller shall substitute local value for state value
 2-22 in an eligible school district and local value shall represent
 2-23 taxable value in the annual study for which the school district
 2-24 becomes eligible and in the annual study immediately following the
 2-25 annual study for which the school district becomes eligible.
 2-26 Within 12 months of the substitution of local value for state value
 2-27 as provided by this subsection, the comptroller shall complete an
 2-28 appraisal standards review of the appraisal district that appraises
 2-29 property for the school district, as provided by Section 5.102, Tax
 2-30 Code.

2-31 (m) If the comptroller has certified local value as taxable
 2-32 value for a school district in which local value is invalid and
 2-33 exceeds state value, as provided by Subsection (c), the
 2-34 commissioner of education shall compute the amount by which each
 2-35 district's allocation of state funding is affected by this
 2-36 certification rather than a certification of state value. The
 2-37 total amount of state funding difference shall be allocated
 2-38 proportionately to the school districts with certified state values
 2-39 and maintenance and operation tax rates that exceed \$1.42. This
 2-40 subsection applies only to school funding for fiscal years 2004 and
 2-41 2005.

2-42 SECTION 3. Subsection (c), Section 5.07, Tax Code, is
 2-43 amended to read as follows:

2-44 (c) The comptroller shall also prescribe a uniform record
 2-45 system to be used by all offices appraising property for tax
 2-46 purposes. The record system must include a compilation of
 2-47 information concerning sales of property within the boundaries of
 2-48 the appraisal district. The sales information maintained in the
 2-49 uniform record system shall be submitted annually in a form
 2-50 prescribed by the comptroller for use in conducting the annual
 2-51 study of school district property values under Section 403.302,
 2-52 Government Code.

2-53 SECTION 4. Section 5.102, Tax Code, is amended to read as
 2-54 follows:

2-55 Sec. 5.102. REVIEW OF APPRAISAL STANDARDS. (a) The
 2-56 comptroller shall review the appraisal standards, procedures, and
 2-57 methodology used by each appraisal district in which the
 2-58 comptroller finds that a school district is an eligible school
 2-59 district as defined by Section 403.301(b), Government Code, to
 2-60 determine compliance with generally accepted appraisal standards
 2-61 and practices. The comptroller may establish by rule procedures
 2-62 and standards for conducting the review.

2-63 (b) If the review results in a finding that an appraisal
 2-64 district is not in compliance with generally accepted appraisal
 2-65 standards and practices, the comptroller shall deliver a report
 2-66 that details the comptroller's findings and recommendations for
 2-67 improvement to the appraisal district's chief appraiser and board
 2-68 of directors and the superintendent and board of trustees of each
 2-69 school district participating in the appraisal district.

3-1 (c) In conducting the review, the comptroller is entitled to
 3-2 access to all records and reports of the appraisal district and to
 3-3 the assistance of appraisal district employees or officers [If
 3-4 noncompliance with generally accepted appraisal standards and
 3-5 practices is found in two consecutive reviews and if an affected
 3-6 appraisal district's chief appraiser and board of directors fail to
 3-7 take effective remedial action as determined by the comptroller,
 3-8 the comptroller may appoint a special master who may exercise
 3-9 supervision and control over the operations of the district until
 3-10 full compliance with generally accepted appraisal standards and
 3-11 practices is achieved. The appraisal district shall bear the costs
 3-12 related to the master's supervision and control].

3-13 (d) If the appraisal district fails to comply with the
 3-14 recommendations made in the review and the comptroller finds that
 3-15 the appraisal district board of directors failed to take remedial
 3-16 action within one year after the issuance of the review, the
 3-17 comptroller shall notify the district judges serving in the county,
 3-18 who shall appoint a five-member board of conservators to implement
 3-19 the recommendations. The members of the board of conservators
 3-20 shall exercise supervision and control over the operations of the
 3-21 appraisal district until all school districts for which the
 3-22 appraisal district appraises property are determined by the
 3-23 comptroller to have valid local value under Subchapter M, Chapter
 3-24 403, Government Code, in the same annual study. The appraisal
 3-25 district shall bear the costs related to the supervision and
 3-26 control by the board of conservators.

3-27 SECTION 5. Section 5.12, Tax Code, is amended by adding
 3-28 Subsection (h) to read as follows:

3-29 (h) In addition to the performance audits required by
 3-30 Subsections (a), (b), and (c) and the review of appraisal standards
 3-31 required by Section 5.102, the comptroller may audit an appraisal
 3-32 district to analyze the effectiveness and efficiency of the
 3-33 policies, management, and operations of the appraisal district.
 3-34 The results of the audit shall be delivered in a report that details
 3-35 the comptroller's findings and recommendations for improvement to
 3-36 the appraisal district's chief appraiser and board of directors and
 3-37 the governing bodies of all taxing units participating in the
 3-38 appraisal district. The comptroller may require reimbursement by
 3-39 the appraisal district for some or all of the costs of the audit,
 3-40 not to exceed the actual costs associated with conducting the
 3-41 audit.

3-42 SECTION 6. This Act takes effect immediately if it receives
 3-43 a vote of two-thirds of all the members elected to each house, as
 3-44 provided by Section 39, Article III, Texas Constitution. If this
 3-45 Act does not receive the vote necessary for immediate effect, this
 3-46 Act takes effect September 1, 2003.

3-47 * * * * *