

BILL ANALYSIS

C.S.H.B. 2326
By: Villarreal
Local Government Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The current system Texas appraisal system allows for different appraisals of the same piece of property by different appraisal boards when there are overlapping appraisal districts. This leads to additional costs and confusion for taxpayers. There are additional costs because the same piece of property can be appraised by numerous appraisal boards. All of those appraisals take time and cost the taxpayers money. The system also creates confusion for taxpayers whose property resides in overlapping districts because they must submit papers, evidence and so forth to two or more appraisal districts. Those same taxpayers can appeal their appraisal in different districts, but most property owners are unaware of this. Current Texas law also requires agriculture values to be calculated using productivity and studies within the same county. But, since appraisal districts overlap and are not based on county lines, agricultural values within a county can end up being inconsistent. HB 2326 remedies these problems by making appraisal district boundaries the same as county boundaries.

A recent survey of Chief Appraisers was conducted to find out about their opinions on the problems of overlapping appraisal districts. Over 150 Chief Appraisers responded. The overwhelming majority (97%) said that a one value per property system was preferable to the current system. A large majority (70%) also said they preferred to reorganize appraisal districts along county lines.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

Section 1:

Amends Tax Code Section 6.02(a) so that appraisal district boundaries are the same as county boundaries. It states that this section does not preclude the boards of directors of two or more adjoining appraisal districts from providing for the operation of a consolidated appraisal district by interlocal contract.

Section 2:

Technical changes to Education Code Section 41.097(a) to ensure that the way attendance credits are calculated remains the same after the boundary change.

Section 3:

Technical changes to Education Code Section 41.210(b) concerning detachment and annexation of property. Ensures that notice of detachment and annexation of property still operates properly under the new boundary lines.

Section 4:

The following statutes are repealed:

(1) Education Code Section 13.007. Strikes a portion of the existing statute that dealt with boundary changes that resulted in appraisal district changes. No longer necessary under new boundary line system.

(2) Tax Code Sections 6.02(b) - (g). Strikes a portion of the existing statute that dealt with taxing units that extended into two or more counties and could then pick an appraisal district from either county, thus extending the boundaries of the appraisal district outside of the county. With the new system these sections are not necessary.

(3) Tax Code Section 6.025. Strikes a portion of the existing statute that dealt with procedures for overlapping appraisal districts. No longer necessary.

(4) Tax Code 6.03(m). Strikes a portion of the existing statute that dealt with appraisal board membership for school districts with certain kinds of annexed property located in the appraisal district. No longer necessary with the new system.

Section 5:

(a) The changes in law made by this Act relating to the appraisal of property for ad valorem tax purposes apply only to the appraisal of property for a tax year that begins on or after January 1, 2006.

(b) Ensures that appraisal district directors elected under the terms of Tax Code 6.025 (repealed above) who would have served until January 1, 2006 but for this bill would still serve until January 1, 2006.

(c) A taxing unit is entitled to vote in 2005 for appraisal district directors for terms beginning on January 1, 2006, in each appraisal district in which the taxing unit will participate in 2006 under the law as amended by this Act, notwithstanding the terms of Tax Code 6.03 that lays out the method for electing directors. This subsection of the bill also details how the voting entitlement of each taxing unit in the appraisal district will be calculated.

(d) Notwithstanding Section 6.06, Tax Code, not later than September 15, 2005, the chief appraiser of each appraisal district shall revise the proposed 2006 budget for the district, if necessary, to account for the changes in law made by this Act.

(e) Provides the method by which the 2006 budget for each appraisal district will be allocated among the various taxing units.

EFFECTIVE DATE

Section 5 of this Act takes effect September 1, 2005. Sections 1-4 take effect January 1, 2006.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The Committee Substitute includes an additional provision in Section 1 to ensure that this bill would not preclude counties from collaborating to consolidate appraisal districts. Currently, Potter and Randall counties have such a contract and are considered to be a good example of the cost savings that can result from the consolidation of smaller districts.