

BILL ANALYSIS

C.S.H.B. 1010
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Local Government Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The current Texas appraisal system allows for the inclusion of a single piece of property in more than one appraisal district. This results in confusion for property owners who must submit paperwork to multiple districts. In cases where differing values are assigned by multiple appraisers from overlapping jurisdictions, an appeals process can be necessary to resolve the discrepancy, however, most Texans are unaware that this remedy is available to them.

Overlapping jurisdictions can also lead to inefficiencies for appraisal districts. Unnecessary time and money is spent appraising property that has already been assessed by a qualified employee of a central appraisal district. HB 1010 simplifies the property appraisal system by aligning appraisal district boundaries with county lines to eliminate overlapping jurisdictions.

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 Sections 6.02(a) and (b), Tax Code as follows:

- (a) Strikes language allowing for exceptions to the alignment of county and appraisal district boundaries.
- (b) Adds and removes language to clarify that this section does not preclude the board of directors of two or more adjoining appraisal districts from entering into an interlocal contract providing for the operation of a consolidated appraisal district and strikes language allowing taxing units extending into two or more counties to choose to participate in only one appraisal district thereby extending the boundaries of that appraisal district beyond the county line.

SECTION 2. Amends Section 25.17, Tax Code by changing the title and adding Subsection (b) as follows:

- (a) Adds appraisal district boundaries to the title of the Section.
- (b) Requires appraisal districts to coordinate their appraisals of property that spans a taxing unit's boundaries to ensure that the property as a whole is appraised at its market value and not above it.

SECTION 3. Makes technical changes to Section 41.097(a), Education Code to ensure the method used for calculating attendance credits does not change after the alignment of appraisal district and county boundaries takes place.

SECTION 4. Makes technical changes to Section 41.210(b), Education Code to ensure that the chief appraiser remains responsible for providing affected parties with written notice of any detachment and annexation of property ordered by the Commissioner of Education.

SECTION 5. Repeals the following statutes:

- (1) Section 13.007, Education Code prescribing methods for imposing taxes on newly annexed property formerly located in an appraisal district in which the annexing school district does not participate.
- (2) Sections 6.02(c) - (g), Tax Code allowing taxing units extending into two or more counties to choose to participate in only one appraisal district thereby extending the

boundaries of that appraisal district beyond the county line. These provisions are no longer necessary under the new law.

(3) Section 6.025, Tax Code relating to procedures for the operation of overlapping appraisal districts. These provisions are no longer necessary under the new law.

(4) Section 6.03(m), Tax Code prescribing eligibility requirements for appraisal board membership for districts including school districts with annexed property that meets certain criteria. These provisions are no longer necessary under the new law.

SECTION 6. (a) Specifies that the changes in this act affecting the appraisal of property for ad valorem tax purposes apply only to property appraisals for a tax year beginning on or after January 1, 2008.

(b) Allows for appraisal district directors elected under the terms of Section 6.025, Tax Code (repealed above) who would have served until January 1, 2008, but for this subsection, to remain in office until January 1, 2008.

(c) Provides that a taxing unit is entitled to vote in elections for appraisal district directors held in 2007 to fill terms beginning in January 1, 2008 in each of the appraisal districts they will participate in once the boundary changes take place, notwithstanding Section 6.03, Tax Code which lays out the process for electing appraisal district directors. This subsection also explains the how the voting entitlement of each taxing unit will be calculated.

(d) Provides that a taxing unit located in two or more counties is entitled to vote in the appraisal district established for each county in which it is located, but allows only those taxes imposed in 2006 in the county for which a district is established to be used to calculate the taxing unit's voting entitlement in that district.

(e) Mandates that before September 15, 2007 the chief appraiser of each appraisal district must, if necessary, revise the proposed budget for 2008 to account for changes in the law made by this Act, notwithstanding Section 6.06, Tax Code.

(f) Provides the formula to be used to determine how much of the appraisal district's 2008 budget will be allocated to each participating taxing unit.

SECTION 7. Effective date: Sections 1-5, January 1, 2008; Section 6, September 1, 2007.

EFFECTIVE DATE

The effective date for Sections 1-5 is January 1, 2008. The effective date for Section 6 is September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

As filed, HB 1010 does not address the appraisal of property that spans county lines once the alignment of appraisal district and county boundaries occurs.

The committee substitute creates a new SECTION 2 and renumbers the subsequent sections accordingly. This additional section requires the Chief Appraisers to work together to ensure that the values they assign to the portion of the property within their jurisdiction do not add up to a number greater than the market value of the property as a whole.