

BILL ANALYSIS

H.B. 8
By: Otto
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law requires the comptroller of public accounts annually to conduct a property value study in each school district to ensure the equitable distribution of state funds to public schools. If the value appraised by the local appraisal district is within five percent of the value determined by the comptroller, then the local value is certified by the comptroller to the commissioner of education. If the appraised value does not fall within the margin of error, the appraisal district is forced to appeal, raise values, or allow school districts to risk a loss of state funding.

H.B. 8 enables the comptroller of public accounts in some cases to conduct the study of school district property values every other year, rather than every year. H.B. 8, similarly, requires a ratio study in each appraisal district every two years, rather than annually, and requires a review of each appraisal district at least once every two years. The bill prohibits a request for an appraisal district performance audit by the comptroller during a year in which an appraisal district review is being conducted.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the comptroller of public accounts in SECTIONS 2 and 7 of this bill.

ANALYSIS

H.B. 8 amends provisions of the Government Code relating to the annual study of school district property values conducted by the comptroller of public accounts, to place the study for some school districts on a biennial rather than annual schedule. The bill requires the comptroller to conduct a study at least every two years in each school district for which the most recent study determined that the school district's local value was valid, and to conduct a study each year only in a school district for which the most recent study determined that the school district's local value was not valid. The bill provides that, in any year in which the comptroller does not conduct a study under the new scheduling provisions, the school district's local value for that year is considered to be valid. The bill requires the study, for a school district in which a study was conducted, to determine the values as of January 1 of each year according to the results of the study. The bill requires the study, for a school district in which a study was not conducted, to determine the values as of January 1 of each year according to the market value determined by the appropriate appraisal district less the amounts that are subtracted from the market value to determine taxable value. The bill removes provisions requiring the comptroller to complete an appraisal standards review of certain appraisal districts. The bill defines "study," rather than "annual study."

H.B. 8 redefines "eligible school district," referring to a school district that is eligible for a grace period during which the comptroller's office uses the locally determined appraised value for certain purposes, rather than the state-determined value, under certain circumstances. The bill defines an eligible district as one for which the comptroller has determined the following:

- in the most recent study, the local value is invalid and does not exceed the state-

determined value;

- in the two studies preceding the most recent study, the local value was valid;
- in the most recent study, the aggregate value of all the categories of property sampled by the comptroller is not less than 90 percent of the lower limit of the margin of error of the aggregate value, as determined by the comptroller, of all of the categories of property sampled by the comptroller; and
- the appraisal district that appraises property for the school district was in compliance with the scoring requirement of the comptroller's most recent review of the appraisal district conducted under the Tax Code.

H.B. 8 creates the Comptroller's Property Value Study Advisory Committee composed of one member of the house of representatives, appointed by the speaker; one member of the senate, appointed by the lieutenant governor; two members who represent appraisal districts and two members who represent school districts, appointed by the comptroller; and three members who are Texas residents and are school district taxpayers or have expertise in school district taxation or ratio studies, appointed by the comptroller. The bill exempts the size, composition, and duration of the advisory committee from statutes governing state agency advisory committees in general. The bill requires the comptroller to adopt rules governing the conduct of the study, after consultation with the advisory committee.

H.B. 8 requires a school district, appraisal district, or other Texas governmental entity to promptly comply with an oral or written request from the comptroller for information to be used in conducting a study of school district property values, including a request for information that is made confidential by the open records law, by confidentiality provisions of the Tax Code relating to renditions and other reports, or by other Texas law.

H.B. 8 amends the Tax Code to reduce from once a year to at least once every two years the frequency with which the comptroller is required to conduct a ratio study in each appraisal district to determine the degree of uniformity of and the median level of appraisals by the appraisal district within each major category of property.

H.B. 8 requires the comptroller to also review the governance of each appraisal district, taxpayer assistance provided by the district, and the operating standards, procedures, and methodology used by each appraisal district in addition to the appraisal standards, procedures, and methodology used by each appraisal district. The bill applies that requirement to all appraisal districts, removing a provision that limits the review to appraisal districts that appraise property for an eligible school district. The bill requires a review at least once every two years. The bill expands rulemaking provisions, authorizing the comptroller by rule to establish procedures and standards for scoring a review, as well as for conducting a review as provided by existing law. The bill makes the rulemaking conditional on a preceding consultation with the Comptroller's Property Value Study Advisory Committee. The bill entitles the comptroller, in conducting a review, to copy or print any record or report of the appraisal district. The bill requires the comptroller, at the conclusion of the review, to notify the appraisal district in writing concerning its performance in the review.

H.B. 8 modifies provisions relating to the response to an appraisal district's failure to comply with recommendations in the comptroller's report, following review. The bill eliminates provisions requiring the comptroller, in such a situation, to notify the judge of each district court in the county for which the appraisal district is established, and eliminates provisions relating to court appointment of a board of conservators to implement the recommendations. The bill instead requires the comptroller, on finding that an appraisal district failed to take remedial action reasonably designed to ensure substantial compliance with each recommendation in the report, to notify the Board of Tax Professional Examiners or a successor to the board. The bill requires the Board of Tax Professional Examiners to take action necessary to ensure that the recommendations in the report are implemented as soon as practicable. The bill requires the Board of Tax Professional Examiners or its successor, with the assistance of the comptroller,

before February 1 of the year following the year in which that board or its successor takes action, to determine whether the recommendations in the most recent report have been substantially implemented. The bill requires the presiding officer of the Board of Tax Professional Examiners to notify the chief appraiser and the board of directors of the appraisal district in writing of the board's determination.

H.B. 8 prohibits a request for a performance audit of an appraisal district from being made during a year in which the comptroller is conducting a review of the appraisal district.

H.B. 8 makes various conforming changes to both the Government Code and Tax Code, especially to reflect the revised schedule for the comptroller's studies of school district property values.

H.B. 8 requires the speaker of the house of representatives, lieutenant governor, and comptroller of public accounts to appoint members to the Comptroller's Property Value Study Advisory Committee as soon as possible after the effective date of the bill. The bill makes its provisions applicable only to a study or review conducted for a year that begins on or after January 1, 2009.

H.B. 8 repeals Section 5.101, Tax Code, relating to the establishment of a technical advisory committee appointed by the comptroller of public accounts, and repeals Section 5.12(g), Tax Code, an obsolete provision containing a prohibition against considering the results of an annual study conducted by the comptroller for a tax year before 1989 for purposes of determining whether an audit is required.

EFFECTIVE DATE

January 1, 2010.