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H.B. No. 8

A BILL TO BE ENTITLED

AN ACT

relating to certain studies and reviews of appraisal districts
conducted by the comptroller of public accounts.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 403.3011(1), (2), and (4), Government
Code, are amended to read as follows:

(1) "Study" [~~"Annual study"~~] means a study conducted
under Section 403.302.

(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
value is invalid under Section 403.302(c) and does not exceed the
state value for the school district determined in the [~~annual~~]
study;

(B) in the two studies [~~annual study for each of
the two years~~] preceding the most recent [~~annual~~] study, the school
district's local value was valid under Section 403.302(c); [~~and~~]

(C) in the most recent [~~annual~~] study, the
aggregate local value of all of the categories of property sampled
by the comptroller is not less than 90 percent of the lower limit of
the margin of error as determined by the comptroller of the
aggregate value as determined by the comptroller of all of the
categories of property sampled by the comptroller; and

(D) the appraisal district that appraises

1 property for the school district was in compliance with the scoring
2 requirement of the comptroller's most recent review of the
3 appraisal district conducted under Section 5.102, Tax Code.

4 (4) "State value" means the value of property in a
5 school district as determined in a [the annual] study.

6 SECTION 2. Section 403.302, Government Code, is amended by
7 amending Subsections (a), (c), (c-1), (f), (h), (i), and (l) and
8 adding Subsections (a-1), (a-2), (m), (n), and (o) to read as
9 follows:

10 (a) The comptroller shall conduct a [an annual] study using
11 comparable sales and generally accepted auditing and sampling
12 techniques to determine the total taxable value of all property in
13 each school district. The study shall determine the taxable value
14 of all property and of each category of property in the district and
15 the productivity value of all land that qualifies for appraisal on
16 the basis of its productive capacity and for which the owner has
17 applied for and received a productivity appraisal. The comptroller
18 shall make appropriate adjustments in the study to account for
19 actions taken under Chapter 41, Education Code.

20 (a-1) The comptroller shall conduct a study:

21 (1) at least every two years in each school district
22 for which the most recent study resulted in a determination by the
23 comptroller that the school district's local value was valid; and

24 (2) each year in a school district for which the most
25 recent study resulted in a determination by the comptroller that
26 the school district's local value was not valid.

27 (a-2) If in any year the comptroller does not conduct a

1 study, the school district's local value for that year is
2 considered to be valid.

3 (c) If after conducting the [~~annual~~] study the comptroller
4 determines that the local value for a school district is valid, the
5 local value is presumed to represent taxable value for the school
6 district. In the absence of that presumption, taxable value for a
7 school district is the state value for the school district
8 determined by the comptroller under Subsections (a) and (b) unless
9 the local value exceeds the state value, in which case the taxable
10 value for the school district is the district's local value. In
11 determining whether the local value for a school district is valid,
12 the comptroller shall use a margin of error that does not exceed
13 five percent unless the comptroller determines that the size of the
14 sample of properties necessary to make the determination makes the
15 use of such a margin of error not feasible, in which case the
16 comptroller may use a larger margin of error.

17 (c-1) This subsection applies only to a school district
18 whose central administrative office is located in a county with a
19 population of 9,000 or less and a total area of more than 6,000
20 square miles. If after conducting the [~~annual~~] study for a tax
21 year the comptroller determines that the local value for a school
22 district is not valid, the comptroller shall adjust the taxable
23 value determined under Subsections (a) and (b) as follows:

24 (1) for each category of property sampled and tested
25 by the comptroller in the school district, the comptroller shall
26 use the weighted mean appraisal ratio determined by the study,
27 unless the ratio is more than four percentage points lower than the

1 weighted mean appraisal ratio determined by the comptroller for
2 that category of property in the immediately preceding study, in
3 which case the comptroller shall use the weighted mean appraisal
4 ratio determined in the immediately preceding study minus four
5 percentage points;

6 (2) the comptroller shall use the category weighted
7 mean appraisal ratios as adjusted under Subdivision (1) to
8 establish a value estimate for each category of property sampled
9 and tested by the comptroller in the school district; and

10 (3) the value estimates established under Subdivision
11 (2), together with the local tax roll value for any categories not
12 sampled and tested by the comptroller, less total deductions
13 determined by the comptroller, determine the taxable value for the
14 school district.

15 (f) The study shall determine the values as of January 1 of
16 each year:

17 (1) for a school district in which a study was
18 conducted according to the results of the study; and

19 (2) for a school district in which a study was not
20 conducted according to the market value determined by the appraisal
21 district that appraises property for the district, less the amounts
22 specified by Subsection (d).

23 (h) On request of the commissioner of education or a school
24 district, the comptroller may audit the total taxable value of
25 property in a school district and may revise the [~~annual~~] study
26 findings. The request for audit is limited to corrections and
27 changes in a school district's appraisal roll that occurred after

1 preliminary certification of the [~~annual~~] study findings by the
2 comptroller. Except as otherwise provided by this subsection, the
3 request for audit must be filed with the comptroller not later than
4 the third anniversary of the date of the final certification of the
5 [~~annual~~] study findings. The request for audit may be filed not
6 later than the first anniversary of the date the chief appraiser
7 certifies a change to the appraisal roll if the chief appraiser
8 corrects the appraisal roll under Section 25.25 or 42.41, Tax Code,
9 and the change results in a material reduction in the total taxable
10 value of property in the school district. The comptroller shall
11 certify the findings of the audit to the commissioner of education.

12 (i) If the comptroller determines in the [~~annual~~] study that
13 the market value of property in a school district as determined by
14 the appraisal district that appraises property for the school
15 district, less the total of the amounts and values listed in
16 Subsection (d) as determined by that appraisal district, is valid,
17 the comptroller, in determining the taxable value of property in
18 the school district under Subsection (d), shall for purposes of
19 Subsection (d)(14) subtract from the market value as determined by
20 the appraisal district of residence homesteads to which Section
21 23.23, Tax Code, applies the amount by which that amount exceeds the
22 appraised value of those properties as calculated by the appraisal
23 district under Section 23.23, Tax Code. If the comptroller
24 determines in the [~~annual~~] study that the market value of property
25 in a school district as determined by the appraisal district that
26 appraises property for the school district, less the total of the
27 amounts and values listed in Subsection (d) as determined by that

1 appraisal district, is not valid, the comptroller, in determining
2 the taxable value of property in the school district under
3 Subsection (d), shall for purposes of Subsection (d)(14) subtract
4 from the market value as estimated by the comptroller of residence
5 homesteads to which Section 23.23, Tax Code, applies the amount by
6 which that amount exceeds the appraised value of those properties
7 as calculated by the appraisal district under Section 23.23, Tax
8 Code.

9 (1) If after conducting the [~~annual~~] study for [~~the year~~
10 ~~2003 or~~] a [~~subsequent~~] year the comptroller determines that a
11 school district is an eligible school district, for that year and
12 the following year the taxable value for the school district is the
13 district's local value. [~~Not later than the first anniversary of~~
14 ~~the date of the determination that a school district is an eligible~~
15 ~~school district, the comptroller shall complete an appraisal~~
16 ~~standards review as provided by Section 5.102, Tax Code, of each~~
17 ~~appraisal district that appraises property for the school~~
18 ~~district.]~~

19 (m) The Comptroller's Property Value Study Advisory
20 Committee is created. The committee is composed of:

21 (1) one member of the house of representatives,
22 appointed by the speaker of the house of representatives;

23 (2) one member of the senate, appointed by the
24 lieutenant governor;

25 (3) two members who represent appraisal districts,
26 appointed by the comptroller;

27 (4) two members who represent school districts,

1 appointed by the comptroller; and

2 (5) three members appointed by the comptroller who are
3 residents of this state and are school district taxpayers or have
4 expertise in school district taxation or ratio studies.

5 (n) Chapter 2110 does not apply to the size, composition, or
6 duration of the Comptroller's Property Value Study Advisory
7 Committee.

8 (o) The comptroller shall adopt rules governing the conduct
9 of the study after consultation with the Comptroller's Property
10 Value Study Advisory Committee.

11 SECTION 3. The heading to Section 403.304, Government Code,
12 is amended to read as follows:

13 Sec. 403.304. COOPERATION WITH COMPTROLLER;
14 CONFIDENTIALITY.

15 SECTION 4. Section 403.304, Government Code, is amended by
16 amending Subsection (a) and adding Subsection (a-1) to read as
17 follows:

18 (a) A school district, appraisal district, or other
19 governmental entity in this state shall promptly comply with an
20 oral or written request from the comptroller for information to be
21 used in conducting a study, including information that is made
22 confidential by Chapter 552 of this code, Section 22.27, Tax Code,
23 or another law of this state.

24 (a-1) All information the comptroller obtains from a
25 person, other than a government or governmental subdivision or
26 agency, under an assurance that the information will be kept
27 confidential, in the course of conducting a study [~~of school~~

1 ~~district values~~] is confidential and may not be disclosed except as
2 provided in Subsection (b).

3 SECTION 5. Section 5.07(c), Tax Code, is amended to read as
4 follows:

5 (c) The comptroller shall also prescribe a uniform record
6 system to be used by all appraisal districts for the purpose of
7 submitting data to be used in the [~~annual~~] studies required by
8 Section 5.10 of this code and by Section 403.302, Government Code.
9 The record system shall include a compilation of information
10 concerning sales of real property within the boundaries of the
11 appraisal district. The sales information maintained in the
12 uniform record system shall be submitted annually in a form
13 prescribed by the comptroller.

14 SECTION 6. Section 5.10(a), Tax Code, is amended to read as
15 follows:

16 (a) At least once every two years, the [~~The~~] comptroller
17 shall conduct a [~~an annual~~] study in each appraisal district to
18 determine the degree of uniformity of and the median level of
19 appraisals by the appraisal district within each major category of
20 property. The comptroller shall publish a report of the findings of
21 the study, including in the report the median levels of appraisal
22 for each major category of property, the coefficient of dispersion
23 around the median level of appraisal for each major category of
24 property, and any other standard statistical measures that the
25 comptroller considers appropriate. In conducting the study, the
26 comptroller shall apply appropriate standard statistical analysis
27 techniques to data collected as part of the [~~annual~~] study of school

1 district taxable values required by Section 403.302, Government
2 Code.

3 SECTION 7. Section 5.102, Tax Code, is amended to read as
4 follows:

5 Sec. 5.102. REVIEW OF APPRAISAL DISTRICTS [~~STANDARDS~~]. (a)
6 At least once every two years, the [~~The~~] comptroller shall review
7 the governance of each appraisal district, taxpayer assistance
8 provided, and the operating and appraisal standards, procedures,
9 and methodology used by each appraisal district [~~that appraises~~
10 ~~property for an eligible school district as defined by Section~~
11 ~~403.3011, Government Code~~], to determine compliance with generally
12 accepted [~~appraisal~~] standards, procedures, and methodology [~~and~~
13 ~~practices~~]. After consultation with the advisory committee created
14 under Section 403.302, Government Code, the [~~The~~] comptroller by
15 rule may establish procedures and standards for conducting and
16 scoring the review.

17 (b) In conducting the review, the comptroller is entitled to
18 access to all records and reports of the appraisal district, to copy
19 or print any record or report of the appraisal district, and to the
20 assistance of the appraisal district's officers and employees.

21 (c) At the conclusion of the review, the comptroller shall,
22 in writing, notify the appraisal district concerning its
23 performance in the review. If the review results in a finding that
24 an appraisal district is not in compliance with generally accepted
25 [~~appraisal~~] standards, procedures, and methodology [~~and~~
26 ~~practices~~], the comptroller shall deliver a report that details the
27 comptroller's findings and recommendations for improvement to:

1 (1) the appraisal district's chief appraiser and board
2 of directors; and

3 (2) the superintendent and board of trustees of each
4 school district participating in the appraisal district.

5 (d) If the appraisal district fails to comply with the
6 recommendations in the report and the comptroller finds that the
7 board of directors of the appraisal district failed to take
8 remedial action reasonably designed to ensure substantial
9 compliance with each recommendation in the report before the first
10 anniversary of the date the report was issued, the comptroller
11 shall notify the Board of Tax Professional Examiners, or a
12 successor to the board, which shall take action necessary to ensure
13 that the recommendations in the report are implemented as soon as
14 practicable [~~judge of each district court in the county for which~~
15 ~~the appraisal district is established, who shall appoint a board of~~
16 ~~conservators consisting of five members to implement the~~
17 ~~recommendations. The board of conservators shall exercise~~
18 ~~supervision and control over the operations of the appraisal~~
19 ~~district until the comptroller determines under Section 403.302,~~
20 ~~Government Code, that in the same year the taxable value of each~~
21 ~~school district for which the appraisal district appraises property~~
22 ~~is the local value for the school district. The appraisal district~~
23 ~~shall bear the costs related to the supervision and control of the~~
24 ~~district by the board of conservators]~~.

25 (e) Before February 1 of the year following the year in
26 which the Board of Tax Professional Examiners, or its successor,
27 takes action under Subsection (d), and with the assistance of the

1 comptroller, the board shall determine whether the recommendations
2 in the most recent report have been substantially implemented. The
3 presiding officer of the board shall notify the chief appraiser and
4 the board of directors of the appraisal district in writing of the
5 board's determination.

6 SECTION 8. Sections 5.12(a), (d), and (e), Tax Code, are
7 amended to read as follows:

8 (a) The comptroller shall audit the performance of an
9 appraisal district if one or more of the following conditions exist
10 according to each of two consecutive [~~annual~~] studies conducted by
11 the comptroller under Section 5.10 [~~of this code~~], regardless of
12 whether the prescribed condition or conditions that exist are the
13 same for each of those studies:

14 (1) the overall median level of appraisal for all
15 property in the district for which the comptroller determines a
16 median level of appraisal is less than 0.75;

17 (2) the coefficient of dispersion around the overall
18 median level of appraisal of the properties used to determine the
19 overall median level of appraisal for all property in the district
20 for which the comptroller determines a median level of appraisal
21 exceeds 0.30; or

22 (3) the difference between the median levels of
23 appraisal for any two classes of property in the district for which
24 the comptroller determines a median level of appraisal is more than
25 0.45.

26 (d) A request for a performance audit of an appraisal
27 district may not be made under Subsection (b) or (c) [~~of this~~

1 ~~section]~~ if according to each of the two most recently published
2 ~~[annual]~~ studies conducted by the comptroller under Section 5.10
3 ~~[of this code]:~~

4 (1) the overall median level of appraisal for all
5 property in the district for which the comptroller determines a
6 median level of appraisal is more than 0.90 and less than 1.10;

7 (2) the coefficient of dispersion around the overall
8 median level of appraisal of the properties used to determine the
9 overall median level of appraisal for all property in the district
10 for which the comptroller determines a median level of appraisal is
11 less than 0.15; and

12 (3) the difference between the highest and lowest
13 median levels of appraisal in the district for the classes of
14 property for which the comptroller determines a median level of
15 appraisal is less than 0.20.

16 (e) A request for a performance audit of an appraisal
17 district may not be made under Subsection (b) or (c) ~~[of this~~
18 ~~section]:~~

19 (1) during the two years immediately following the
20 publication of the second of two consecutive ~~[annual]~~ studies
21 according to which the comptroller is required to conduct an audit
22 of the district under Subsection (a) ~~[of this section]; [or]~~

23 (2) during the year immediately following the date the
24 results of an audit of the district conducted by the comptroller
25 under Subsection (a) ~~[of this section]~~ are reported to the chief
26 appraiser of the district; or

27 (3) during a year in which the comptroller is

1 conducting a review of the district under Section 5.102.

2 SECTION 9. Section 5.13(a), Tax Code, is amended to read as
3 follows:

4 (a) The comptroller shall complete an audit required by
5 Section 5.12(a) [~~of this code~~] within two years after the date of
6 the publication of the second of the two [~~annual~~] studies the
7 results of which required the audit to be conducted. The
8 comptroller shall complete an audit requested under Section 5.12(b)
9 or (c) [~~of this code~~] as soon as practicable after the request is
10 made.

11 SECTION 10. Section 41A.12, Tax Code, is amended to read as
12 follows:

13 Sec. 41A.12. USE OF PROPERTIES AS SAMPLES. An arbitrator's
14 determination of market value under this chapter is the market
15 value of the property subject to the appeal for the purposes of the
16 [~~annual~~] study conducted under Section 403.302, Government Code.

17 SECTION 11. Sections 5.101 and 5.12(g), Tax Code, are
18 repealed.

19 SECTION 12. As soon as possible after the effective date of
20 this Act, the speaker of the house of representatives, lieutenant
21 governor, and comptroller shall appoint members to the
22 Comptroller's Property Value Study Advisory Committee in
23 accordance with Section 403.302(m), Government Code, as added by
24 this Act.

25 SECTION 13. The change in law made by this Act applies only
26 to a study conducted under Section 5.10, Tax Code, or Section
27 403.302, Government Code, or a review conducted under Section

1 5.102, Tax Code, for a year that begins on or after January 1, 2009.
2 A study or review for a year that began before that date is covered
3 by the law in effect immediately before the effective date of this
4 Act, and the former law is continued in effect for that purpose.

5 SECTION 14. This Act takes effect January 1, 2010.