

1-1 By: Otto, et al. (Senate Sponsor - Williams) H.B. No. 8
1-2 (In the Senate - Received from the House April 27, 2009;
1-3 May 1, 2009, read first time and referred to Committee on Finance;
1-4 May 8, 2009, reported favorably by the following vote: Yeas 12,
1-5 Nays 0; May 8, 2009, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to certain studies and reviews of appraisal districts
1-9 conducted by the comptroller of public accounts.

1-10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-11 SECTION 1. Sections 403.3011(1), (2), and (4), Government
1-12 Code, are amended to read as follows:

1-13 (1) "Study" [~~"Annual study"~~] means a study conducted
1-14 under Section 403.302.

1-15 (2) "Eligible school district" means a school district
1-16 for which the comptroller has determined the following:

1-17 (A) in the most recent [~~annual~~] study, the local
1-18 value is invalid under Section 403.302(c) and does not exceed the
1-19 state value for the school district determined in the [~~annual~~]
1-20 study;

1-21 (B) in the two studies [~~annual study for each of~~
1-22 ~~the two years~~] preceding the most recent [~~annual~~] study, the school
1-23 district's local value was valid under Section 403.302(c); [~~and~~]

1-24 (C) in the most recent [~~annual~~] study, the
1-25 aggregate local value of all of the categories of property sampled
1-26 by the comptroller is not less than 90 percent of the lower limit of
1-27 the margin of error as determined by the comptroller of the
1-28 aggregate value as determined by the comptroller of all of the
1-29 categories of property sampled by the comptroller; and

1-30 (D) the appraisal district that appraises
1-31 property for the school district was in compliance with the scoring
1-32 requirement of the comptroller's most recent review of the
1-33 appraisal district conducted under Section 5.102, Tax Code.

1-34 (4) "State value" means the value of property in a
1-35 school district as determined in a [~~the annual~~] study.

1-36 SECTION 2. Section 403.302, Government Code, is amended by
1-37 amending Subsections (a), (c), (c-1), (f), (h), (i), and (l) and
1-38 adding Subsections (a-1), (a-2), (m), (n), and (o) to read as
1-39 follows:

1-40 (a) The comptroller shall conduct a [~~an annual~~] study using
1-41 comparable sales and generally accepted auditing and sampling
1-42 techniques to determine the total taxable value of all property in
1-43 each school district. The study shall determine the taxable value
1-44 of all property and of each category of property in the district and
1-45 the productivity value of all land that qualifies for appraisal on
1-46 the basis of its productive capacity and for which the owner has
1-47 applied for and received a productivity appraisal. The comptroller
1-48 shall make appropriate adjustments in the study to account for
1-49 actions taken under Chapter 41, Education Code.

1-50 (a-1) The comptroller shall conduct a study:

1-51 (1) at least every two years in each school district
1-52 for which the most recent study resulted in a determination by the
1-53 comptroller that the school district's local value was valid; and

1-54 (2) each year in a school district for which the most
1-55 recent study resulted in a determination by the comptroller that
1-56 the school district's local value was not valid.

1-57 (a-2) If in any year the comptroller does not conduct a
1-58 study, the school district's local value for that year is
1-59 considered to be valid.

1-60 (c) If after conducting the [~~annual~~] study the comptroller
1-61 determines that the local value for a school district is valid, the
1-62 local value is presumed to represent taxable value for the school
1-63 district. In the absence of that presumption, taxable value for a
1-64 school district is the state value for the school district

2-1 determined by the comptroller under Subsections (a) and (b) unless
 2-2 the local value exceeds the state value, in which case the taxable
 2-3 value for the school district is the district's local value. In
 2-4 determining whether the local value for a school district is valid,
 2-5 the comptroller shall use a margin of error that does not exceed
 2-6 five percent unless the comptroller determines that the size of the
 2-7 sample of properties necessary to make the determination makes the
 2-8 use of such a margin of error not feasible, in which case the
 2-9 comptroller may use a larger margin of error.

2-10 (c-1) This subsection applies only to a school district
 2-11 whose central administrative office is located in a county with a
 2-12 population of 9,000 or less and a total area of more than 6,000
 2-13 square miles. If after conducting the ~~annual~~ study for a tax
 2-14 year the comptroller determines that the local value for a school
 2-15 district is not valid, the comptroller shall adjust the taxable
 2-16 value determined under Subsections (a) and (b) as follows:

2-17 (1) for each category of property sampled and tested
 2-18 by the comptroller in the school district, the comptroller shall
 2-19 use the weighted mean appraisal ratio determined by the study,
 2-20 unless the ratio is more than four percentage points lower than the
 2-21 weighted mean appraisal ratio determined by the comptroller for
 2-22 that category of property in the immediately preceding study, in
 2-23 which case the comptroller shall use the weighted mean appraisal
 2-24 ratio determined in the immediately preceding study minus four
 2-25 percentage points;

2-26 (2) the comptroller shall use the category weighted
 2-27 mean appraisal ratios as adjusted under Subdivision (1) to
 2-28 establish a value estimate for each category of property sampled
 2-29 and tested by the comptroller in the school district; and

2-30 (3) the value estimates established under Subdivision
 2-31 (2), together with the local tax roll value for any categories not
 2-32 sampled and tested by the comptroller, less total deductions
 2-33 determined by the comptroller, determine the taxable value for the
 2-34 school district.

2-35 (f) The study shall determine the values as of January 1 of
 2-36 each year:

2-37 (1) for a school district in which a study was
 2-38 conducted according to the results of the study; and

2-39 (2) for a school district in which a study was not
 2-40 conducted according to the market value determined by the appraisal
 2-41 district that appraises property for the district, less the amounts
 2-42 specified by Subsection (d).

2-43 (h) On request of the commissioner of education or a school
 2-44 district, the comptroller may audit the total taxable value of
 2-45 property in a school district and may revise the ~~annual~~ study
 2-46 findings. The request for audit is limited to corrections and
 2-47 changes in a school district's appraisal roll that occurred after
 2-48 preliminary certification of the ~~annual~~ study findings by the
 2-49 comptroller. Except as otherwise provided by this subsection, the
 2-50 request for audit must be filed with the comptroller not later than
 2-51 the third anniversary of the date of the final certification of the
 2-52 ~~annual~~ study findings. The request for audit may be filed not
 2-53 later than the first anniversary of the date the chief appraiser
 2-54 certifies a change to the appraisal roll if the chief appraiser
 2-55 corrects the appraisal roll under Section 25.25 or 42.41, Tax Code,
 2-56 and the change results in a material reduction in the total taxable
 2-57 value of property in the school district. The comptroller shall
 2-58 certify the findings of the audit to the commissioner of education.

2-59 (i) If the comptroller determines in the ~~annual~~ study that
 2-60 the market value of property in a school district as determined by
 2-61 the appraisal district that appraises property for the school
 2-62 district, less the total of the amounts and values listed in
 2-63 Subsection (d) as determined by that appraisal district, is valid,
 2-64 the comptroller, in determining the taxable value of property in
 2-65 the school district under Subsection (d), shall for purposes of
 2-66 Subsection (d)(14) subtract from the market value as determined by
 2-67 the appraisal district of residence homesteads to which Section
 2-68 23.23, Tax Code, applies the amount by which that amount exceeds the
 2-69 appraised value of those properties as calculated by the appraisal

3-1 district under Section 23.23, Tax Code. If the comptroller
 3-2 determines in the [~~annual~~] study that the market value of property
 3-3 in a school district as determined by the appraisal district that
 3-4 appraises property for the school district, less the total of the
 3-5 amounts and values listed in Subsection (d) as determined by that
 3-6 appraisal district, is not valid, the comptroller, in determining
 3-7 the taxable value of property in the school district under
 3-8 Subsection (d), shall for purposes of Subsection (d)(14) subtract
 3-9 from the market value as estimated by the comptroller of residence
 3-10 homesteads to which Section 23.23, Tax Code, applies the amount by
 3-11 which that amount exceeds the appraised value of those properties
 3-12 as calculated by the appraisal district under Section 23.23, Tax
 3-13 Code.

3-14 (1) If after conducting the [~~annual~~] study for [~~the year~~
 3-15 ~~2003 or~~] a [~~subsequent~~] year the comptroller determines that a
 3-16 school district is an eligible school district, for that year and
 3-17 the following year the taxable value for the school district is the
 3-18 district's local value. [~~Not later than the first anniversary of~~
 3-19 ~~the date of the determination that a school district is an eligible~~
 3-20 ~~school district, the comptroller shall complete an appraisal~~
 3-21 ~~standards review as provided by Section 5.102, Tax Code, of each~~
 3-22 ~~appraisal district that appraises property for the school~~
 3-23 ~~district.]~~

3-24 (m) The Comptroller's Property Value Study Advisory
 3-25 Committee is created. The committee is composed of:

3-26 (1) one member of the house of representatives,
 3-27 appointed by the speaker of the house of representatives;

3-28 (2) one member of the senate, appointed by the
 3-29 lieutenant governor;

3-30 (3) two members who represent appraisal districts,
 3-31 appointed by the comptroller;

3-32 (4) two members who represent school districts,
 3-33 appointed by the comptroller; and

3-34 (5) three members appointed by the comptroller who are
 3-35 residents of this state and are school district taxpayers or have
 3-36 expertise in school district taxation or ratio studies.

3-37 (n) Chapter 2110 does not apply to the size, composition, or
 3-38 duration of the Comptroller's Property Value Study Advisory
 3-39 Committee.

3-40 (o) The comptroller shall adopt rules governing the conduct
 3-41 of the study after consultation with the Comptroller's Property
 3-42 Value Study Advisory Committee.

3-43 SECTION 3. The heading to Section 403.304, Government Code,
 3-44 is amended to read as follows:

3-45 Sec. 403.304. COOPERATION WITH COMPTROLLER;
 3-46 CONFIDENTIALITY.

3-47 SECTION 4. Section 403.304, Government Code, is amended by
 3-48 amending Subsection (a) and adding Subsection (a-1) to read as
 3-49 follows:

3-50 (a) A school district, appraisal district, or other
 3-51 governmental entity in this state shall promptly comply with an
 3-52 oral or written request from the comptroller for information to be
 3-53 used in conducting a study, including information that is made
 3-54 confidential by Chapter 552 of this code, Section 22.27, Tax Code,
 3-55 or another law of this state.

3-56 (a-1) All information the comptroller obtains from a
 3-57 person, other than a government or governmental subdivision or
 3-58 agency, under an assurance that the information will be kept
 3-59 confidential, in the course of conducting a study [~~of school~~
 3-60 district values] is confidential and may not be disclosed except as
 3-61 provided in Subsection (b).

3-62 SECTION 5. Section 5.07(c), Tax Code, is amended to read as
 3-63 follows:

3-64 (c) The comptroller shall also prescribe a uniform record
 3-65 system to be used by all appraisal districts for the purpose of
 3-66 submitting data to be used in the [~~annual~~] studies required by
 3-67 Section 5.10 of this code and by Section 403.302, Government Code.
 3-68 The record system shall include a compilation of information
 3-69 concerning sales of real property within the boundaries of the

4-1 appraisal district. The sales information maintained in the
 4-2 uniform record system shall be submitted annually in a form
 4-3 prescribed by the comptroller.

4-4 SECTION 6. Section 5.10(a), Tax Code, is amended to read as
 4-5 follows:

4-6 (a) At least once every two years, the [The] comptroller
 4-7 shall conduct a [an annual] study in each appraisal district to
 4-8 determine the degree of uniformity of and the median level of
 4-9 appraisals by the appraisal district within each major category of
 4-10 property. The comptroller shall publish a report of the findings of
 4-11 the study, including in the report the median levels of appraisal
 4-12 for each major category of property, the coefficient of dispersion
 4-13 around the median level of appraisal for each major category of
 4-14 property, and any other standard statistical measures that the
 4-15 comptroller considers appropriate. In conducting the study, the
 4-16 comptroller shall apply appropriate standard statistical analysis
 4-17 techniques to data collected as part of the [annual] study of school
 4-18 district taxable values required by Section 403.302, Government
 4-19 Code.

4-20 SECTION 7. Section 5.102, Tax Code, is amended to read as
 4-21 follows:

4-22 Sec. 5.102. REVIEW OF APPRAISAL DISTRICTS [~~STANDARDS~~]. (a)
 4-23 At least once every two years, the [The] comptroller shall review
 4-24 the governance of each appraisal district, taxpayer assistance
 4-25 provided, and the operating and appraisal standards, procedures,
 4-26 and methodology used by each appraisal district [that appraises
 4-27 property for an eligible school district as defined by Section
 4-28 403.3011, Government Code], to determine compliance with generally
 4-29 accepted [appraisal] standards, procedures, and methodology [and
 4-30 practices]. After consultation with the advisory committee created
 4-31 under Section 403.302, Government Code, the [The] comptroller by
 4-32 rule may establish procedures and standards for conducting and
 4-33 scoring the review.

4-34 (b) In conducting the review, the comptroller is entitled to
 4-35 access to all records and reports of the appraisal district, to copy
 4-36 or print any record or report of the appraisal district, and to the
 4-37 assistance of the appraisal district's officers and employees.

4-38 (c) At the conclusion of the review, the comptroller shall,
 4-39 in writing, notify the appraisal district concerning its
 4-40 performance in the review. If the review results in a finding that
 4-41 an appraisal district is not in compliance with generally accepted
 4-42 [appraisal] standards, procedures, and methodology [and
 4-43 practices], the comptroller shall deliver a report that details the
 4-44 comptroller's findings and recommendations for improvement to:

4-45 (1) the appraisal district's chief appraiser and board
 4-46 of directors; and

4-47 (2) the superintendent and board of trustees of each
 4-48 school district participating in the appraisal district.

4-49 (d) If the appraisal district fails to comply with the
 4-50 recommendations in the report and the comptroller finds that the
 4-51 board of directors of the appraisal district failed to take
 4-52 remedial action reasonably designed to ensure substantial
 4-53 compliance with each recommendation in the report before the first
 4-54 anniversary of the date the report was issued, the comptroller
 4-55 shall notify the Board of Tax Professional Examiners, or a
 4-56 successor to the board, which shall take action necessary to ensure
 4-57 that the recommendations in the report are implemented as soon as
 4-58 practicable [judge of each district court in the county for which
 4-59 the appraisal district is established, who shall appoint a board of
 4-60 conservators consisting of five members to implement the
 4-61 recommendations. The board of conservators shall exercise
 4-62 supervision and control over the operations of the appraisal
 4-63 district until the comptroller determines under Section 403.302,
 4-64 Government Code, that in the same year the taxable value of each
 4-65 school district for which the appraisal district appraises property
 4-66 is the local value for the school district. The appraisal district
 4-67 shall bear the costs related to the supervision and control of the
 4-68 district by the board of conservators].

4-69 (e) Before February 1 of the year following the year in

5-1 which the Board of Tax Professional Examiners, or its successor,
 5-2 takes action under Subsection (d), and with the assistance of the
 5-3 comptroller, the board shall determine whether the recommendations
 5-4 in the most recent report have been substantially implemented. The
 5-5 presiding officer of the board shall notify the chief appraiser and
 5-6 the board of directors of the appraisal district in writing of the
 5-7 board's determination.

5-8 SECTION 8. Sections 5.12(a), (d), and (e), Tax Code, are
 5-9 amended to read as follows:

5-10 (a) The comptroller shall audit the performance of an
 5-11 appraisal district if one or more of the following conditions exist
 5-12 according to each of two consecutive [~~annual~~] studies conducted by
 5-13 the comptroller under Section 5.10 [~~of this code~~], regardless of
 5-14 whether the prescribed condition or conditions that exist are the
 5-15 same for each of those studies:

5-16 (1) the overall median level of appraisal for all
 5-17 property in the district for which the comptroller determines a
 5-18 median level of appraisal is less than 0.75;

5-19 (2) the coefficient of dispersion around the overall
 5-20 median level of appraisal of the properties used to determine the
 5-21 overall median level of appraisal for all property in the district
 5-22 for which the comptroller determines a median level of appraisal
 5-23 exceeds 0.30; or

5-24 (3) the difference between the median levels of
 5-25 appraisal for any two classes of property in the district for which
 5-26 the comptroller determines a median level of appraisal is more than
 5-27 0.45.

5-28 (d) A request for a performance audit of an appraisal
 5-29 district may not be made under Subsection (b) or (c) [~~of this~~
 5-30 ~~section~~] if according to each of the two most recently published
 5-31 [~~annual~~] studies conducted by the comptroller under Section 5.10
 5-32 [~~of this code~~]:

5-33 (1) the overall median level of appraisal for all
 5-34 property in the district for which the comptroller determines a
 5-35 median level of appraisal is more than 0.90 and less than 1.10;

5-36 (2) the coefficient of dispersion around the overall
 5-37 median level of appraisal of the properties used to determine the
 5-38 overall median level of appraisal for all property in the district
 5-39 for which the comptroller determines a median level of appraisal is
 5-40 less than 0.15; and

5-41 (3) the difference between the highest and lowest
 5-42 median levels of appraisal in the district for the classes of
 5-43 property for which the comptroller determines a median level of
 5-44 appraisal is less than 0.20.

5-45 (e) A request for a performance audit of an appraisal
 5-46 district may not be made under Subsection (b) or (c) [~~of this~~
 5-47 ~~section~~]:

5-48 (1) during the two years immediately following the
 5-49 publication of the second of two consecutive [~~annual~~] studies
 5-50 according to which the comptroller is required to conduct an audit
 5-51 of the district under Subsection (a) [~~of this section~~]; [~~or~~]

5-52 (2) during the year immediately following the date the
 5-53 results of an audit of the district conducted by the comptroller
 5-54 under Subsection (a) [~~of this section~~] are reported to the chief
 5-55 appraiser of the district; or

5-56 (3) during a year in which the comptroller is
 5-57 conducting a review of the district under Section 5.102.

5-58 SECTION 9. Section 5.13(a), Tax Code, is amended to read as
 5-59 follows:

5-60 (a) The comptroller shall complete an audit required by
 5-61 Section 5.12(a) [~~of this code~~] within two years after the date of
 5-62 the publication of the second of the two [~~annual~~] studies the
 5-63 results of which required the audit to be conducted. The
 5-64 comptroller shall complete an audit requested under Section 5.12(b)
 5-65 or (c) [~~of this code~~] as soon as practicable after the request is
 5-66 made.

5-67 SECTION 10. Section 41A.12, Tax Code, is amended to read as
 5-68 follows:

5-69 Sec. 41A.12. USE OF PROPERTIES AS SAMPLES. An arbitrator's

6-1 determination of market value under this chapter is the market
6-2 value of the property subject to the appeal for the purposes of the
6-3 [~~annual~~] study conducted under Section 403.302, Government Code.

6-4 SECTION 11. Sections 5.101 and 5.12(g), Tax Code, are
6-5 repealed.

6-6 SECTION 12. As soon as possible after the effective date of
6-7 this Act, the speaker of the house of representatives, lieutenant
6-8 governor, and comptroller shall appoint members to the
6-9 Comptroller's Property Value Study Advisory Committee in
6-10 accordance with Section 403.302(m), Government Code, as added by
6-11 this Act.

6-12 SECTION 13. The change in law made by this Act applies only
6-13 to a study conducted under Section 5.10, Tax Code, or Section
6-14 403.302, Government Code, or a review conducted under Section
6-15 5.102, Tax Code, for a year that begins on or after January 1, 2009.
6-16 A study or review for a year that began before that date is covered
6-17 by the law in effect immediately before the effective date of this
6-18 Act, and the former law is continued in effect for that purpose.

6-19 SECTION 14. This Act takes effect January 1, 2010.

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