

By: Villarreal

H.B. No. 134

A BILL TO BE ENTITLED

AN ACT

relating to ad valorem taxation.

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

ARTICLE 1. STATE ADMINISTRATION OF PROPERTY TAX SYSTEM

SECTION 1.01. Chapter 5, Tax Code, is amended by adding Sections 5.01 and 5.02 to read as follows:

Sec. 5.01. OFFICE OF PROPERTY APPRAISAL. (a) The Office of Property Appraisal is established as an office in the comptroller's office.

(b) The office is under the direction and control of the comptroller.

(c) Unless the context indicates otherwise, a reference in another law or an administrative rule to the comptroller in connection with state administration of the property tax system means the Office of Property Appraisal.

Sec. 5.02. OFFICE OF PROPERTY TAX PUBLIC COUNSEL. (a) The Office of Property Tax Public Counsel is established as an office in the Office of Property Appraisal.

(b) The office is headed by a property tax public counsel appointed by the comptroller.

(c) The property tax public counsel shall represent the interests of owners of single-family residential property and small businesses in property tax matters.

(d) The property tax public counsel may:

1 (1) represent a property owner in a protest under
2 Chapter 41 or an appeal through binding arbitration under Chapter
3 41A; and

4 (2) appear or intervene, as a party or otherwise, as a
5 matter of right on behalf of owners of single-family residential
6 property or small businesses, as a class, in an action under Section
7 43.01 or bring an action under that section, regardless of whether
8 the property tax public counsel is affected by the appraisal
9 district or appraisal review board's failure to comply with the
10 law.

11 SECTION 1.02. This article takes effect January 1, 2010,
12 but only if the constitutional amendment proposed by the 81st
13 Legislature, Regular Session, 2009, authorizing the legislature to
14 provide that ad valorem tax appraisal services in any county are
15 under the jurisdiction of the entity specified by the legislature,
16 to provide for the consolidation of ad valorem tax appraisal
17 services, and to provide for enforcement of ad valorem tax
18 standards and procedures by the specified entity is approved by the
19 voters. If that amendment is not approved by the voters, this
20 article has no effect.

21 ARTICLE 2. REVIEW BY OFFICE OF PROPERTY APPRAISAL OF APPRAISAL
22 STANDARDS, PROCEDURES, AND METHODOLOGY USED BY AN APPRAISAL
23 DISTRICT TO DETERMINE TAXABLE VALUE OF PROPERTY IN A SCHOOL
24 DISTRICT

25 SECTION 2.01. The heading to Subchapter M, Chapter 403,
26 Government Code, is amended to read as follows:

1 SUBCHAPTER M. DETAILED REVIEW [~~STUDY~~] OF STANDARDS,
2 PROCEDURES, AND METHODOLOGY USED TO DETERMINE
3 SCHOOL DISTRICT PROPERTY VALUES

4 SECTION 2.02. Sections 403.3011(1), (2), and (4),
5 Government Code, are amended to read as follows:

6 (1) "Detailed review [~~Annual study~~]" means a review
7 [~~study~~] conducted under Section 403.302.

8 (2) "Eligible school district" means a school district
9 for which the comptroller has determined the following:

10 (A) in the most recent detailed review [~~annual~~
11 ~~study~~], the local value is invalid under Section 403.302(c) and
12 does not exceed the state value for the school district determined
13 in the detailed review [~~annual study~~];

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

18 (C) in the most recent detailed review [~~annual~~
19 ~~study~~], the aggregate local value of all of the categories of
20 property sampled by the comptroller is not less than 90 percent of
21 the lower limit of the margin of error as determined by the
22 comptroller of the aggregate value as determined by the comptroller
23 of all of the categories of property sampled by the comptroller.

24 (4) "State value" means the value of property in a
25 school district as determined in a detailed review [~~the annual~~
26 ~~study~~].

27 SECTION 2.03. Sections 403.302(a), (b), (c), (c-1), (d),

1 (f), (g), (h), (i), and (l), Government Code, are amended to read as
2 follows:

3 (a) The comptroller shall conduct a detailed review of the
4 appraisal standards, procedures, and methodology by which an
5 appraisal district determines [~~an annual study using comparable~~
6 ~~sales and generally accepted auditing and sampling techniques to~~
7 ~~determine~~] the [~~total taxable~~] value of all property in each school
8 district that participates in the appraisal district. The review
9 must test the standards, procedures, and methodology of an
10 appraisal district used to [~~study shall~~] determine the taxable
11 value of all property and of each category of property in the
12 district and the productivity value of all land that qualifies for
13 appraisal on the basis of its productive capacity and for which the
14 owner has applied for and received a productivity appraisal. The
15 comptroller shall make appropriate adjustments in the review
16 [~~study~~] to account for actions taken under Chapter 41, Education
17 Code.

18 (b) In conducting the detailed review [~~study~~], the
19 comptroller shall use [~~determine the taxable value of property in~~
20 ~~each school district~~]:

21 (1) [~~using, if appropriate,~~] samples selected through
22 generally accepted auditing and sampling techniques in testing the
23 standards, procedures, and methodology used by the appraisal
24 district to determine the taxable value of property on a school
25 district's appraisal roll for compliance with generally accepted
26 appraisal standards and practices; and

27 (2) a margin of error that does not exceed five percent

1 unless the comptroller determines that the size of the sample of
2 properties necessary to make the determination makes the use of
3 such a margin of error not feasible, in which case the comptroller
4 may use a larger margin of error ~~[according to generally accepted~~
5 ~~standard valuation, statistical compilation, and analysis~~
6 ~~techniques,~~

7 ~~[(3) ensuring that different levels of appraisal on~~
8 ~~sold and unsold property do not adversely affect the accuracy of the~~
9 ~~study; and~~

10 ~~[(4) ensuring that different levels of appraisal~~
11 ~~resulting from protests determined under Section 41.43, Tax Code,~~
12 ~~are appropriately adjusted in the study].~~

13 (c) If after conducting the detailed review ~~[annual study]~~
14 the comptroller determines that the appraisal district used
15 appropriate information and methodology to appraise all property or
16 a category of property for a school district, the local value of all
17 property or the category of property for the ~~[a]~~ school district is
18 valid and ~~[7]~~ the local value is presumed to represent taxable value
19 for the school district. If after conducting the detailed review
20 the comptroller determines that the appraisal district did not use
21 appropriate information and methodology to appraise all property or
22 a category of property for a school district, [In] the ~~[absence of~~
23 ~~that presumption,~~ taxable value of all property or the category of
24 property for the ~~[a]~~ school district is the state value of that
25 property or category for the school district determined by the
26 comptroller under Subsections (a) and (b) unless the local value of
27 all property or of the category of property exceeds the state value

1 of all property or the category of property, as applicable, in which
2 case the taxable value of all property or the category of property
3 for the school district is the district's local value. [~~In~~
4 ~~determining whether the local value for a school district is valid,~~
5 ~~the comptroller shall use a margin of error that does not exceed~~
6 ~~five percent unless the comptroller determines that the size of the~~
7 ~~sample of properties necessary to make the determination makes the~~
8 ~~use of such a margin of error not feasible, in which case the~~
9 ~~comptroller may use a larger margin of error.~~]

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

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

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

5 (3) the value estimates established under Subdivision
6 (2), together with the local tax roll value for any categories not
7 sampled and tested by the comptroller, less total deductions
8 determined by the comptroller, determine the taxable value for the
9 school district.

10 (d) For the purposes of this section, "taxable value" means
11 the market value of all taxable property less:

12 (1) the total dollar amount of any residence homestead
13 exemptions lawfully granted under Section 11.13(b) or (c), Tax
14 Code, in the year that is the subject of the detailed review [~~study~~]
15 for each school district;

16 (2) one-half of the total dollar amount of any
17 residence homestead exemptions granted under Section 11.13(n), Tax
18 Code, in the year that is the subject of the detailed review [~~study~~]
19 for each school district;

20 (3) the total dollar amount of any exemptions granted
21 before May 31, 1993, within a reinvestment zone under agreements
22 authorized by Chapter 312, Tax Code;

23 (4) subject to Subsection (e), the total dollar amount
24 of any captured appraised value of property that:

25 (A) is within a reinvestment zone created on or
26 before May 31, 1999, or is proposed to be included within the
27 boundaries of a reinvestment zone as the boundaries of the zone and

1 the proposed portion of tax increment paid into the tax increment
2 fund by a school district are described in a written notification
3 provided by the municipality or the board of directors of the zone
4 to the governing bodies of the other taxing units in the manner
5 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
6 within the boundaries of the zone as those boundaries existed on
7 September 1, 1999, including subsequent improvements to the
8 property regardless of when made;

9 (B) generates taxes paid into a tax increment
10 fund created under Chapter 311, Tax Code, under a reinvestment zone
11 financing plan approved under Section 311.011(d), Tax Code, on or
12 before September 1, 1999; and

13 (C) is eligible for tax increment financing under
14 Chapter 311, Tax Code;

15 (5) for a school district for which a deduction from
16 taxable value is made under Subdivision (4), an amount equal to the
17 taxable value required to generate revenue when taxed at the school
18 district's current tax rate in an amount that, when added to the
19 taxes of the district paid into a tax increment fund as described by
20 Subdivision (4)(B), is equal to the total amount of taxes the
21 district would have paid into the tax increment fund if the district
22 levied taxes at the rate the district levied in 2005;

23 (6) the total dollar amount of any captured appraised
24 value of property that:

25 (A) is within a reinvestment zone:

26 (i) created on or before December 31, 2008,
27 by a municipality with a population of less than 18,000; and

1 (ii) the project plan for which includes
2 the alteration, remodeling, repair, or reconstruction of a
3 structure that is included on the National Register of Historic
4 Places and requires that a portion of the tax increment of the zone
5 be used for the improvement or construction of related facilities
6 or for affordable housing;

7 (B) generates school district taxes that are paid
8 into a tax increment fund created under Chapter 311, Tax Code; and

9 (C) is eligible for tax increment financing under
10 Chapter 311, Tax Code;

11 (7) the total dollar amount of any exemptions granted
12 under Section 11.251 or 11.253, Tax Code;

13 (8) the difference between the comptroller's estimate
14 of the market value and the productivity value of land that
15 qualifies for appraisal on the basis of its productive capacity,
16 except that the productivity value estimated by the comptroller may
17 not exceed the fair market value of the land;

18 (9) the portion of the appraised value of residence
19 homesteads of individuals who receive a tax limitation under
20 Section 11.26, Tax Code, on which school district taxes are not
21 imposed in the year that is the subject of the detailed review
22 [~~study~~], calculated as if the residence homesteads were appraised
23 at the full value required by law;

24 (10) a portion of the market value of property not
25 otherwise fully taxable by the district at market value because of:

26 (A) action required by statute or the
27 constitution of this state that, if the tax rate adopted by the

1 district is applied to it, produces an amount equal to the
2 difference between the tax that the district would have imposed on
3 the property if the property were fully taxable at market value and
4 the tax that the district is actually authorized to impose on the
5 property, if this subsection does not otherwise require that
6 portion to be deducted; or

7 (B) action taken by the district under Subchapter
8 B or C, Chapter 313, Tax Code;

9 (11) the market value of all tangible personal
10 property, other than manufactured homes, owned by a family or
11 individual and not held or used for the production of income;

12 (12) the appraised value of property the collection of
13 delinquent taxes on which is deferred under Section 33.06, Tax
14 Code;

15 (13) the portion of the appraised value of property
16 the collection of delinquent taxes on which is deferred under
17 Section 33.065, Tax Code; and

18 (14) the amount by which the market value of a
19 residence homestead to which Section 23.23, Tax Code, applies
20 exceeds the appraised value of that property as calculated under
21 that section.

22 (f) The detailed review [~~study~~] shall determine the values
23 as of January 1 of each year.

24 (g) The comptroller shall publish preliminary findings,
25 listing values by district, before February 1 of the year following
26 the year of the detailed review [~~study~~]. Preliminary findings
27 shall be delivered to each school district and shall be certified to

1 the commissioner of education.

2 (h) On request of the commissioner of education or a school
3 district, the comptroller may audit the total taxable value of
4 property in a school district and may revise the detailed review
5 [~~annual study~~] findings. The request for audit is limited to
6 corrections and changes in a school district's appraisal roll that
7 occurred after preliminary certification of the detailed review
8 [~~annual study~~] findings by the comptroller. Except as otherwise
9 provided by this subsection, the request for audit must be filed
10 with the comptroller not later than the third anniversary of the
11 date of the final certification of the detailed review [~~annual~~
12 ~~study~~] findings. The request for audit may be filed not later than
13 the first anniversary of the date the chief appraiser certifies a
14 change to the appraisal roll if the chief appraiser corrects the
15 appraisal roll under Section 25.25 or 42.41, Tax Code, and the
16 change results in a material reduction in the total taxable value of
17 property in the school district. The comptroller shall certify the
18 findings of the audit to the commissioner of education.

19 (i) If the comptroller determines in the detailed review
20 [~~annual study~~] that the market value of property in a school
21 district as determined by the appraisal district that appraises
22 property for the school district, less the total of the amounts and
23 values listed in Subsection (d) as determined by that appraisal
24 district, is valid, the comptroller, in determining the taxable
25 value of property in the school district under Subsection (d),
26 shall for purposes of Subsection (d)(14) subtract from the market
27 value as determined by the appraisal district of residence

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

16 (1) If after conducting the detailed review [~~annual study~~]
17 for the year 2009 [~~2003~~] or a subsequent year the comptroller
18 determines that a school district is an eligible school district,
19 for that year and the following year the taxable value for the
20 school district is the district's local value. [~~Not later than the
21 first anniversary of the date of the determination that a school
22 district is an eligible school district, the comptroller shall
23 complete an appraisal standards review as provided by Section
24 5.102, Tax Code, of each appraisal district that appraises property
25 for the school district.~~]

26 SECTION 2.04. Sections 403.303(a) and (b), Government Code,
27 are amended to read as follows:

1 (a) A school district or a property owner whose property is
2 included in the detailed review [~~study~~] under Section 403.302 and
3 whose tax liability on the property is \$100,000 or more may protest
4 the comptroller's findings under Section 403.302(g) or (h) by
5 filing a petition with the comptroller. The petition must be filed
6 not later than the 40th day after the date on which the
7 comptroller's findings are certified to the commissioner of
8 education and must specify the grounds for objection and the value
9 claimed to be correct by the school district or property owner.

10 (b) After receipt of a petition, the comptroller shall hold
11 a hearing. The comptroller has the burden to prove the accuracy of
12 the findings. Until a final decision is made by the comptroller,
13 the taxable value of property in the district is determined, with
14 respect to property subject to the protest, according to the value
15 claimed by the school district or property owner, except that the
16 value to be used while a final decision is pending may not be less
17 than the appraisal roll value for the year of the detailed review
18 [~~study~~]. If after a hearing the comptroller concludes that the
19 findings should be changed, the comptroller shall order the
20 appropriate changes and shall certify to the commissioner of
21 education the changes in the values of the school district that
22 brought the protest, the values of the school district named by the
23 property owner who brought the protest, or, if the comptroller by
24 rule allows an appraisal district to bring a protest, the values of
25 the school district named by the appraisal district that brought
26 the protest. The comptroller may not order a change in the values
27 of a school district as a result of a protest brought by another

1 school district, a property owner in the other school district, or
2 an appraisal district that appraises property for the other school
3 district. The comptroller shall complete all protest hearings and
4 certify all changes as necessary to comply with Chapter 42,
5 Education Code. A hearing conducted under this subsection is not a
6 contested case for purposes of Section 2001.003.

7 SECTION 2.05. Section 403.304(a), Government Code, is
8 amended to read as follows:

9 (a) All information the comptroller obtains from a person,
10 other than a government or governmental subdivision or agency,
11 under an assurance that the information will be kept confidential,
12 in the course of conducting a detailed review [~~study of school~~
13 ~~district values~~] is confidential and may not be disclosed except as
14 provided in Subsection (b).

15 SECTION 2.06. Section 825.405(i), Government Code, is
16 amended to read as follows:

17 (i) Not later than the seventh day after the final date the
18 comptroller certifies to the commissioner of education changes to
19 the detailed review [~~property value study~~] conducted under
20 Subchapter M, Chapter 403, the comptroller shall certify to the
21 Teacher Retirement System of Texas:

22 (1) the effective tax rate for school district
23 maintenance and operation revenues for each school district in the
24 state for the immediately preceding tax year; and

25 (2) the statewide average effective tax rate for
26 school district maintenance and operation revenues for the
27 immediately preceding tax year.

1 SECTION 2.07. Section 5.07(c), Tax Code, is amended to read
2 as follows:

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

12 SECTION 2.08. Sections 5.101(a), (b), (c), and (d), Tax
13 Code, are amended to read as follows:

14 (a) The comptroller shall appoint a technical advisory
15 committee for the purpose of providing professional and practical
16 expertise to the comptroller and to review and comment on the
17 methodology used by the comptroller to conduct the detailed review
18 [~~annual studies~~] required by [~~Section 5.10 of this code and by~~]
19 Section 403.302, Government Code. A member of the committee serves
20 at the will of the comptroller.

21 (b) The committee shall:

22 (1) review the methodology used by the comptroller to
23 conduct the detailed review [~~studies~~] described in Subsection (a);

24 (2) make an annual report to the comptroller that
25 includes the committee's findings and recommendations relating to
26 the methodology used to conduct the detailed review [~~studies~~]; and

27 (3) meet as often as necessary to perform its duties.

1 (c) The comptroller shall appoint the committee to provide
2 for a balanced representation of the general public and of
3 professionals affiliated with the entities affected by the detailed
4 review [~~studies~~].

5 (d) Each member of the committee must have expertise
6 sufficient to determine the accuracy of the detailed review [~~annual~~
7 ~~studies~~] and the appropriateness of the methods used to develop the
8 findings of the detailed review [~~studies~~].

9 SECTION 2.09. Sections 5.102(a) and (b), Tax Code, are
10 amended to read as follows:

11 (a) [~~The comptroller shall review the appraisal standards,~~
12 ~~procedures, and methodology used by each appraisal district that~~
13 ~~appraises property for an eligible school district as defined by~~
14 ~~Section 403.3011, Government Code, to determine compliance with~~
15 ~~generally accepted appraisal standards and practices. The~~
16 ~~comptroller by rule may establish procedures and standards for~~
17 ~~conducting the review.~~

18 [(b)] In conducting the detailed review required by Section
19 403.302, Government Code, the comptroller is entitled to access to
20 all records and reports of the appraisal district and to the
21 assistance of the appraisal district's officers and employees.

22 SECTION 2.10. Section 5.12, Tax Code, is amended to read as
23 follows:

24 Sec. 5.12. PERFORMANCE AUDIT OF APPRAISAL DISTRICT. (a)
25 [~~The comptroller shall audit the performance of an appraisal~~
26 ~~district if one or more of the following conditions exist according~~
27 ~~to each of two consecutive annual studies conducted by the~~

1 ~~comptroller under Section 5.10 of this code, regardless of whether~~
2 ~~the prescribed condition or conditions that exist are the same for~~
3 ~~each of those studies:~~

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 less than 0.75;~~

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~~
11 ~~exceeds 0.30; or~~

12 ~~[(3) the difference between the median levels of~~
13 ~~appraisal for any two classes of property in the district for which~~
14 ~~the comptroller determines a median level of appraisal is more than~~
15 ~~0.45.~~

16 ~~[(b)]~~ At the written request of the governing bodies of a
17 majority of the taxing units participating in an appraisal district
18 or of a majority of the taxing units entitled to vote on the
19 appointment of appraisal district directors, the comptroller shall
20 audit the performance of the appraisal district. The governing
21 bodies may request a general audit of the performance of the
22 appraisal district or may request an audit of only one or more
23 particular duties, practices, functions, departments, or other
24 appraisal district matters.

25 (b) ~~[(c)]~~ At the written request of the owners of not less
26 than 10 percent of the number of accounts or parcels of property in
27 an appraisal district belonging to a single class of property, if

1 the class constitutes at least five percent of the appraised value
2 of taxable property within the district in the preceding year, or at
3 the written request of the owners of property representing not less
4 than 10 percent of the appraised value of all property in the
5 district belonging to a single class of property, if the class
6 constitutes at least five percent of the appraised value of taxable
7 property in the district in the preceding year, the comptroller
8 shall audit the performance of the appraisal district. The
9 property owners may request a general audit of the performance of
10 the appraisal district or may request an audit of only one or more
11 particular duties, practices, functions, departments, or other
12 appraisal district matters. A property owner may authorize an
13 agent to sign a request for an audit under this subsection on the
14 property owner's behalf. The comptroller may require a person
15 signing a request for an audit to provide proof that the person is
16 entitled to sign the request as a property owner or as the agent of a
17 property owner.

18 (c) [~~(d)~~ A request for a performance audit of an appraisal
19 district may not be made under Subsection (b) or (c) of this section
20 if according to each of the two most recently published annual
21 studies conducted by the comptroller under Section 5.10 of this
22 code:

23 [~~(1)~~ the overall median level of appraisal for all
24 property in the district for which the comptroller determines a
25 median level of appraisal is more than 0.90 and less than 1.10,

26 [~~(2)~~ the coefficient of dispersion around the overall
27 median level of appraisal of the properties used to determine the

1 ~~overall median level of appraisal for all property in the district~~
2 ~~for which the comptroller determines a median level of appraisal is~~
3 ~~less than 0.15; and~~

4 ~~[(3) the difference between the highest and lowest~~
5 ~~median levels of appraisal in the district for the classes of~~
6 ~~property for which the comptroller determines a median level of~~
7 ~~appraisal is less than 0.20.~~

8 ~~[(e) A request for a performance audit of an appraisal~~
9 ~~district may not be made under Subsection (b) or (c) of this~~
10 ~~section.~~

11 ~~[(1) during the two years immediately following the~~
12 ~~publication of the second of two consecutive annual studies~~
13 ~~according to which the comptroller is required to conduct an audit~~
14 ~~of the district under Subsection (a) of this section; or~~

15 ~~[(2) during the year immediately following the date~~
16 ~~the results of an audit of the district conducted by the comptroller~~
17 ~~under Subsection (a) of this section are reported to the chief~~
18 ~~appraiser of the district.~~

19 ~~[(f) For purposes of this section, "class of property" means~~
20 ~~a major kind of property for which the comptroller determines a~~
21 ~~median level of appraisal under Section 5.10 of this code.~~

22 ~~[(g) The results of an annual study conducted by the~~
23 ~~comptroller for a tax year before 1989 may not be considered for~~
24 ~~purposes of determining whether an audit is required under~~
25 ~~Subsection (a) of this section.~~

26 ~~[(h)] In addition to the performance audits required by~~
27 ~~Subsections (a) and [7] (b) [7] ~~and (c) and the review of appraisal~~~~

1 ~~standards required by Section 5.102]~~, the comptroller may audit an
2 appraisal district to analyze the effectiveness and efficiency of
3 the policies, management, and operations of the appraisal district.
4 The results of the audit shall be delivered in a report that details
5 the comptroller's findings and recommendations for improvement to
6 the appraisal district's chief appraiser and board of directors and
7 the governing body of each taxing unit participating in the
8 appraisal district. The comptroller may require reimbursement by
9 the appraisal district for some or all of the costs of the audit,
10 not to exceed the actual costs associated with conducting the
11 audit.

12 SECTION 2.11. Sections 5.13(a), (f), (g), and (h), Tax
13 Code, are amended to read as follows:

14 (a) [~~The comptroller shall complete an audit required by~~
15 ~~Section 5.12(a) of this code within two years after the date of the~~
16 ~~publication of the second of the two annual studies the results of~~
17 ~~which required the audit to be conducted.] The comptroller shall
18 complete an audit requested under Section 5.12(a) or (b) [~~5.12(b)~~
19 ~~or (c) of this code]~~ as soon as practicable after the request is
20 made.~~

21 (f) The comptroller shall report the results of its audit in
22 writing to the governing body of each taxing unit that participates
23 in the appraisal district, to the chief appraiser, and to the
24 presiding officer of the appraisal district board of directors. If
25 the audit was requested under Section 5.12(b) [~~5.12(c) of this~~
26 ~~code]~~, the comptroller shall also provide a report to a
27 representative of the property owners who requested the audit.

1 (g) If the audit is [~~required or~~] requested under Section
2 5.12(a) [~~or (b) of this code~~], the appraisal district shall
3 reimburse the comptroller for the costs incurred in conducting the
4 audit and making its report of the audit. The costs shall be
5 allocated among the taxing units participating in the district in
6 the same manner as an operating expense of the district. If the
7 audit is requested under Section 5.12(b) [~~5.12(c) of this code~~],
8 the property owners who requested the audit shall reimburse the
9 comptroller for the costs incurred in conducting the audit and
10 making its report of the audit and shall allocate the costs among
11 those property owners in proportion to the appraised value of each
12 property owner's property in the district or on such other basis as
13 the property owners may agree. If the audit confirms that the
14 median level of appraisal for a class of property exceeds 1.10 or
15 that the median level of appraisal for a class of property varies at
16 least 10 percent from the overall median level of appraisal for all
17 property in the district for which the comptroller determines a
18 median level of appraisal, within 90 days after the date a request
19 is made by the property owners for reimbursement the appraisal
20 district shall reimburse the property owners who requested the
21 audit for the amount paid to the comptroller for the costs incurred
22 in conducting the audit and making the report. Before conducting an
23 audit under Section 5.12(b) [~~5.12(c)~~], the comptroller may require
24 the requesting taxing units or property owners to provide the
25 comptroller with a bond, deposit, or other financial security
26 sufficient to cover the expected costs of conducting the audit and
27 making the report. For purposes of this subsection, "costs"

1 include expenses related to salaries, professional fees, travel,
2 reproduction or other printing services, and consumable supplies
3 that are directly attributable to conducting the audit.

4 (h) At any time after the request for an audit is made, the
5 comptroller may discontinue the audit in whole or in part if
6 requested to do so by:

7 (1) the governing bodies of a majority of the taxing
8 units participating in the district, if the audit was requested by a
9 majority of those units;

10 (2) the governing bodies of a majority of the taxing
11 units entitled to vote on the appointment of appraisal district
12 directors, if the audit was requested by a majority of those units;
13 or

14 (3) if the audit was requested under Section 5.12(b)
15 [~~5.12(c) of this code~~], [by] the taxpayers who requested the audit.

16 SECTION 2.12. Section 5.16(a), Tax Code, is amended to read
17 as follows:

18 (a) The comptroller may inspect the records or other
19 materials of an appraisal office or taxing unit, including the
20 relevant records and materials in the possession or control of a
21 consultant, advisor, or expert hired by the appraisal office or
22 taxing unit, for the purpose of:

23 (1) establishing, reviewing, or evaluating the value
24 of or an appraisal of any property; or

25 (2) conducting a detailed [~~study,~~] review[~~, or audit~~]
26 required by [~~Section 5.10 or 5.102 or by~~] Section 403.302,
27 Government Code.

1 SECTION 2.13. Section 41A.12, Tax Code, is amended to read
2 as follows:

3 Sec. 41A.12. USE OF PROPERTIES AS SAMPLES. An arbitrator's
4 determination of market value under this chapter is the market
5 value of the property subject to the appeal for the purposes of the
6 detailed review [~~annual study~~] conducted under Section 403.302,
7 Government Code.

8 SECTION 2.14. The following provisions of the Tax Code are
9 repealed:

- 10 (1) Section 5.10; and
11 (2) Section 42.26(c).

12 SECTION 2.15. This article takes effect January 1, 2010.

13 ARTICLE 3. REGULATION OF PROPERTY TAX PROFESSIONALS AND PROPERTY
14 TAX CONSULTANTS

15 SECTION 3.01. Section 5.04, Tax Code, is amended to read as
16 follows:

17 Sec. 5.04. TRAINING AND EDUCATION OF APPRAISERS. (a) The
18 comptroller shall set [~~consult and cooperate with the Board of Tax
19 Professional Examiners or any successor agency responsible for
20 certifying tax professionals in this state in setting~~] standards
21 for and approve [~~approving~~] curricula and materials for use in
22 training and educating appraisers and assessor-collectors, and
23 [~~the comptroller~~] may cooperate with [~~the board or with~~] other
24 public agencies, educational institutions, or private
25 organizations in sponsoring courses of instruction and training
26 programs.

27 (b) An appraisal district shall reimburse an employee of the

1 appraisal office for all actual and necessary expenses, tuition and
2 other fees, and costs of materials incurred in attending, with
3 approval of the chief appraiser, a course or training program
4 sponsored or approved by the comptroller [~~Board of Tax Professional~~
5 ~~Examiners~~].

6 SECTION 3.02. Section 411.122(d), Government Code, is
7 amended to read as follows:

8 (d) The following state agencies are subject to this
9 section:

10 (1) Texas Appraiser Licensing and Certification
11 Board;

12 (2) Texas Board of Architectural Examiners;

13 (3) Texas Board of Chiropractic Examiners;

14 (4) State Board of Dental Examiners;

15 (5) Texas Board of Professional Engineers;

16 (6) Texas Funeral Service Commission;

17 (7) Texas Board of Professional Geoscientists;

18 (8) Department of State Health Services, except as
19 provided by Section 411.110, and agencies attached to the
20 department, including:

21 (A) Texas State Board of Examiners of Dietitians;

22 (B) Texas State Board of Examiners of Marriage
23 and Family Therapists;

24 (C) Midwifery Board;

25 (D) Texas State Board of Examiners of
26 Perfusionists;

27 (E) Texas State Board of Examiners of

- 1 Professional Counselors;
- 2 (F) Texas State Board of Social Worker Examiners;
- 3 (G) State Board of Examiners for Speech-Language
- 4 Pathology and Audiology;
- 5 (H) Advisory Board of Athletic Trainers;
- 6 (I) State Committee of Examiners in the Fitting
- 7 and Dispensing of Hearing Instruments;
- 8 (J) Texas Board of Licensure for Professional
- 9 Medical Physicists; and
- 10 (K) Texas Board of Orthotics and Prosthetics;
- 11 (9) Texas Board of Professional Land Surveying;
- 12 (10) Texas Department of Licensing and Regulation,
- 13 except as provided by Section 411.093;
- 14 (11) Texas Commission on Environmental Quality;
- 15 (12) Texas Board of Occupational Therapy Examiners;
- 16 (13) Texas Optometry Board;
- 17 (14) Texas State Board of Pharmacy;
- 18 (15) Texas Board of Physical Therapy Examiners;
- 19 (16) Texas State Board of Plumbing Examiners;
- 20 (17) Texas State Board of Podiatric Medical Examiners;
- 21 (18) Polygraph Examiners Board;
- 22 (19) Texas State Board of Examiners of Psychologists;
- 23 (20) Texas Real Estate Commission;
- 24 (21) Office of Property Appraisal [~~Board of Tax~~
- 25 ~~Professional Examiners~~];
- 26 (22) Texas Department of Transportation;
- 27 (23) State Board of Veterinary Medical Examiners;

- 1 (24) Texas Department of Housing and Community
2 Affairs;
3 (25) secretary of state;
4 (26) state fire marshal;
5 (27) Texas Education Agency; and
6 (28) Department of Agriculture.

7 SECTION 3.03. Section 2054.352(a), Government Code, is
8 amended to read as follows:

9 (a) The following licensing entities shall participate in
10 the system established under Section 2054.353:

- 11 (1) Texas Board of Chiropractic Examiners;
12 (2) Court Reporters Certification Board;
13 (3) State Board of Dental Examiners;
14 (4) Texas Funeral Service Commission;
15 (5) Texas Board of Professional Land Surveying;
16 (6) Texas Medical Board;
17 (7) Texas Board of Nursing;
18 (8) Texas Optometry Board;
19 (9) Department of Agriculture, for licenses issued
20 under Chapter 1951, Occupations Code;
21 (10) Texas State Board of Pharmacy;
22 (11) Executive Council of Physical Therapy and
23 Occupational Therapy Examiners;
24 (12) Texas State Board of Plumbing Examiners;
25 (13) Texas State Board of Podiatric Medical Examiners;
26 (14) Office of Property Appraisal [~~Board of Tax~~
27 ~~Professional Examiners~~];

- 1 (15) Polygraph Examiners Board;
- 2 (16) Texas State Board of Examiners of Psychologists;
- 3 (17) State Board of Veterinary Medical Examiners;
- 4 (18) Texas Real Estate Commission;
- 5 (19) Texas Appraiser Licensing and Certification
- 6 Board;
- 7 (20) Texas Department of Licensing and Regulation;
- 8 (21) Texas State Board of Public Accountancy;
- 9 (22) State Board for Educator Certification;
- 10 (23) Texas Board of Professional Engineers;
- 11 (24) Department of State Health Services;
- 12 (25) Texas Board of Architectural Examiners;
- 13 (26) Texas Racing Commission;
- 14 (27) Commission on Law Enforcement Officer Standards
- 15 and Education; and
- 16 (28) Texas Private Security Board.

17 SECTION 3.04. Section 1151.002(4), Occupations Code, is

18 amended to read as follows:

19 (4) "Board" means the Office of Property Appraisal

20 [~~Board of Tax Professional Examiners~~].

21 SECTION 3.05. Section 1152.001(1), Occupations Code, is

22 amended to read as follows:

23 (1) "Commission," "department," and "executive

24 director" mean [~~means~~] the Office of Property Appraisal [~~Texas~~

25 ~~Commission of Licensing and Regulation~~].

26 SECTION 3.06 Sections 1152.102(a) and (b), Occupations

27 Code, are amended to read as follows:

1 (a) The council is composed of six members appointed by the
2 ~~[presiding officer of the]~~ commission~~[, with the commission's~~
3 ~~approval]~~.

4 (b) The ~~[presiding officer of the]~~ commission may appoint
5 not more than two members who are qualified for an exemption under
6 Section 1152.002(a)(3).

7 SECTION 3.07. Section 1152.104(b), Occupations Code, is
8 amended to read as follows:

9 (b) If a vacancy occurs during a member's term, the
10 ~~[presiding officer of the]~~ commission~~[, with the commission's~~
11 ~~approval]~~ shall appoint to fill the unexpired part of the term a
12 replacement who meets the qualifications of the vacated office.

13 SECTION 3.08. Section 1152.105, Occupations Code, is
14 amended to read as follows:

15 Sec. 1152.105. PRESIDING OFFICER. The ~~[presiding officer~~
16 ~~of the]~~ commission~~[, with the commission's approval]~~ shall appoint
17 a member of the council to serve as presiding officer of the council
18 for two years.

19 SECTION 3.09. The following provisions of the Occupations
20 Code are repealed:

- 21 (1) Section 1151.003;
- 22 (2) Subchapters B and B-1, Chapter 1151;
- 23 (3) Section 1151.1015; and
- 24 (4) Sections 1152.001(3) and (3-a).

25 SECTION 3.10. (a) The Board of Tax Professional Examiners
26 is abolished but continues in existence until March 1, 2010, for the
27 sole purpose of transferring obligations, property, full-time

1 equivalent positions, rights, powers, and duties to the Office of
2 Property Appraisal. The Office of Property Appraisal assumes all
3 of the obligations, property, full-time equivalent positions,
4 rights, powers, and duties of the Board of Tax Professional
5 Examiners as it existed immediately before the effective date of
6 this article. All unexpended funds appropriated to the Board of Tax
7 Professional Examiners are transferred to the Office of Property
8 Appraisal. The transfer of the obligations, property, full-time
9 equivalent positions, rights, powers, and duties of the Board of
10 Tax Professional Examiners to the Office of Property Appraisal must
11 be completed not later than March 1, 2010.

12 (b) All rules of the Board of Tax Professional Examiners are
13 continued in effect as rules of the Office of Property Appraisal
14 until superseded by a rule of the Office of Property Appraisal. A
15 registration or certification issued by the Board of Tax
16 Professional Examiners is continued in effect as provided by the
17 law in effect immediately before the effective date of this
18 article. A complaint, investigation, contested case, or other
19 proceeding pending on the effective date of this article is
20 continued without change in status after the effective date of this
21 article. An activity conducted by the Board of Tax Professional
22 Examiners is considered to be an activity conducted by the Office of
23 Property Appraisal.

24 (c) A reference in another law or an administrative rule to
25 the Board of Tax Professional Examiners means the Office of
26 Property Appraisal.

27 SECTION 3.11. This article takes effect January 1, 2010,

1 but only if the constitutional amendment proposed by the 81st
2 Legislature, Regular Session, 2009, authorizing the legislature to
3 provide that ad valorem tax appraisal services in any county are
4 under the jurisdiction of the entity specified by the legislature,
5 to provide for the consolidation of ad valorem tax appraisal
6 services, and to provide for enforcement of ad valorem tax
7 standards and procedures by the specified entity is approved by the
8 voters. If that amendment is not approved by the voters, this
9 article has no effect.

10 ARTICLE 4. REMEDIES FOR VIOLATIONS OF LAW BY AD VALOREM TAX
11 OFFICIALS OR ENTITIES

12 SECTION 4.01. Section 43.01, Tax Code, is amended to read as
13 follows:

14 Sec. 43.01. AUTHORITY TO BRING SUIT. (a) Any of the
15 following persons [~~A taxing unit~~] may sue an appropriate [~~the~~]
16 appraisal district or appraisal review board [~~that appraises~~
17 ~~property for the unit~~] to compel the appraisal district or
18 appraisal review board to comply with the provisions of this title,
19 rules of the comptroller, or other applicable law if the person is
20 affected by the appraisal district's or appraisal review board's
21 failure to comply with the law:

22 (1) a taxing unit;

23 (2) a property owner;

24 (3) a lessee of property who is contractually
25 obligated to pay taxes imposed on the property;

26 (4) an agent of a property owner designated under
27 Section 1.111; or

1 (5) any other person authorized to bring an action on
2 behalf of a person listed in Subdivisions (1)-(4).

3 (b) The court shall award court costs and reasonable
4 attorney's fees to a plaintiff who prevails in a suit brought under
5 this section.

6 SECTION 4.02. The changes in law made by this article to
7 Section 43.01, Tax Code, apply only to a suit filed under Section
8 43.01, Tax Code, on or after the effective date of this article. A
9 suit filed under Section 43.01, Tax Code, before the effective date
10 of this article is governed by the law in effect on the date the suit
11 was filed, and the former law is continued in effect for that
12 purpose.

13 SECTION 4.03. This article takes effect September 1, 2009.

14 ARTICLE 5. CONSOLIDATION OF APPRAISAL DISTRICTS

15 SECTION 5.01. Subchapter A, Chapter 6, Tax Code, is amended
16 by adding Section 6.025 to read as follows:

17 Sec. 6.025. CONSOLIDATION OF APPRAISAL DISTRICTS BY
18 COMPTROLLER. (a) The comptroller may order the consolidation of
19 two or more appraisal districts.

20 (b) An order consolidating appraisal districts:

21 (1) must:

22 (A) identify the districts to be consolidated;

23 (B) state the effective date of the
24 consolidation;

25 (C) state the name of the consolidated district;

26 (D) provide for the governance of the
27 consolidated district during and after a reasonable transition

1 period;

2 (E) provide for the financing of the consolidated
3 district, including the disposition of money and property of the
4 district; and

5 (F) provide for the status of proceedings pending
6 before each appraisal district or proceedings to which an appraisal
7 district is a party on the effective date of the consolidation; and

8 (2) may contain other provisions as determined by the
9 comptroller.

10 SECTION 5.02. This article takes effect January 1, 2010,
11 but only if the constitutional amendment proposed by the 81st
12 Legislature, Regular Session, 2009, authorizing the legislature to
13 provide that ad valorem tax appraisal services in any county are
14 under the jurisdiction of the entity specified by the legislature,
15 to provide for the consolidation of ad valorem tax appraisal
16 services, and to provide for enforcement of ad valorem tax
17 standards and procedures by the specified entity is approved by the
18 voters. If that amendment is not approved by the voters, this
19 article has no effect.

20 ARTICLE 6. COMMUNICATION IN ELECTRONIC FORMAT

21 SECTION 6.01. Sections 1.085(a) and (e), Tax Code, are
22 amended to read as follows:

23 (a) Except as provided by Section 1.07(d), any notice,
24 rendition, application form, or completed application that is
25 required or permitted by this title to be delivered between a chief
26 appraiser and a property owner or between a chief appraiser and a
27 person designated by a property owner under Section 1.111(f) may be

1 delivered in an electronic format if the chief appraiser and the
2 property owner agree under this section. If a property owner
3 requests that the chief appraiser enter into an agreement under
4 this section, the chief appraiser must enter into the agreement.

5 (e) The comptroller by rule [~~+~~
6 [~~(1)~~] shall prescribe acceptable media, formats,
7 content, and methods for the electronic transmission of notices
8 [~~required by Section 25.19; and~~
9 [~~(2) may prescribe acceptable media, formats, content,~~
10 ~~and methods for the electronic transmission of other notices~~],
11 renditions, and applications.

12 SECTION 6.02. Section 1.085(g), Tax Code, is repealed.

13 SECTION 6.03. This article takes effect January 1, 2010.

14 ARTICLE 7. NOTICE OF PROPOSED TAX RATE

15 SECTION 7.01 Section 26.05(a), Tax Code, is amended to read
16 as follows:

17 (a) The governing body of each taxing unit, before the later
18 of September 30 or the 60th day after the date the certified
19 appraisal roll is received by the taxing unit, shall adopt a tax
20 rate for the current tax year and shall notify the assessor for the
21 unit of the rate adopted. The tax rate consists of two components,
22 each of which must be approved separately. The components are:

23 (1) for a taxing unit other than a school district, the
24 rate that, if applied to the total taxable value, will impose the
25 total amount published under Section 26.04(e)(3)(C), less any
26 amount of additional sales and use tax revenue that will be used to
27 pay debt service, or, for a school district, the rate published

1 under Section 44.004(c)(3)(B)(ii) [~~44.004(c)(5)(A)(ii)(b)~~],
2 Education Code; and

3 (2) the rate that, if applied to the total taxable
4 value, will impose the amount of taxes needed to fund maintenance
5 and operation expenditures of the unit for the next year.

6 SECTION 7.02. Section 26.06(b), Tax Code, is amended to
7 read as follows:

8 (b) The notice of a public hearing may not be smaller than
9 one-quarter page of a standard-size or a tabloid-size newspaper,
10 and the headline on the notice must be in 24-point or larger
11 type. The notice must contain a statement in the following form:

12 "NOTICE OF PUBLIC HEARING ON TAX INCREASE

13 "The (name of the taxing unit) will hold two public hearings
14 on a proposal to increase total tax revenues from properties on the
15 tax roll in the preceding tax year by (percentage by which proposed
16 tax rate exceeds lower of rollback tax rate or effective tax rate
17 calculated under this chapter) percent. Your individual taxes may
18 increase at a greater or lesser rate, or even decrease, depending on
19 the change in the taxable value of your property in relation to the
20 change in taxable value of all other property and the tax rate that
21 is adopted.

22 "The first public hearing will be held on (date and time) at
23 (meeting place).

24 "The second public hearing will be held on (date and time) at
25 (meeting place).

26 "(Names of all members of the governing body, showing how
27 each voted on the proposal to consider the tax increase or, if one

1 or more were absent, indicating the absences.)

2 "Last year's tax rate was _____ (tax rate for preceding year)
3 per \$100 of taxable value.

4 "The tax rate that would raise the taxes required to fund the
5 same level of services as were provided last year is _____ (effective
6 tax rate) per \$100 of taxable value.

7 "The proposed tax rate is _____ (proposed tax rate) per \$100 of
8 taxable value.

9 ~~["The average taxable value of a residence homestead in (name~~
10 ~~of taxing unit) last year was \$ _____ (average taxable value of a~~
11 ~~residence homestead in the taxing unit for the preceding tax year,~~
12 ~~disregarding residence homestead exemptions available only to~~
13 ~~disabled persons or persons 65 years of age or older). Based on~~
14 ~~last year's tax rate of \$ _____ (preceding year's adopted tax rate) per~~
15 ~~\$100 of taxable value, the amount of taxes imposed last year on the~~
16 ~~average home was \$ _____ (tax on average taxable value of a residence~~
17 ~~homestead in the taxing unit for the preceding tax year,~~
18 ~~disregarding residence homestead exemptions available only to~~
19 ~~disabled persons or persons 65 years of age or older).~~

20 ~~["The average taxable value of a residence homestead in (name~~
21 ~~of taxing unit) this year is \$ _____ (average taxable value of a~~
22 ~~residence homestead in the taxing unit for the current tax year,~~
23 ~~disregarding residence homestead exemptions available only to~~
24 ~~disabled persons or persons 65 years of age or older). If the~~
25 ~~governing body adopts the effective tax rate for this year of~~
26 ~~\$ _____ (effective tax rate) per \$100 of taxable value, the amount of~~
27 ~~taxes imposed this year on the average home would be \$ _____ (tax on~~

1 ~~average taxable value of a residence homestead in the taxing unit~~
2 ~~for the current tax year, disregarding residence homestead~~
3 ~~exemptions available only to disabled persons or persons 65 years~~
4 ~~of age or older).~~

5 ~~["If the governing body adopts the proposed tax rate of~~
6 ~~\$ (proposed tax rate) per \$100 of taxable value, the amount of~~
7 ~~taxes imposed this year on the average home would be \$ (tax on~~
8 ~~the average taxable value of a residence in the taxing unit for the~~
9 ~~current year disregarding residence homestead exemptions available~~
10 ~~only to disabled persons or persons 65 years of age or older)."]~~

11 "Members of the public are encouraged to attend the hearings
12 and express their views."

13 SECTION 7.03. Section 26.06(d), Tax Code, as amended by
14 Chapters 1105 (H.B. 3495) and 1112 (H.B. 3630), Acts of the 80th
15 Legislature, Regular Session, 2007, is reenacted and amended to
16 read as follows:

17 (d) At the public hearings the governing body shall announce
18 the date, time, and place of the meeting at which it will vote on the
19 proposed tax rate. After each hearing the governing body shall give
20 notice of the meeting at which it will vote on the proposed tax rate
21 and the notice shall be in the same form as prescribed by
22 Subsections (b) and (c), except that it must state the following:

23 "NOTICE OF TAX REVENUE INCREASE

24 "The (name of the taxing unit) conducted public hearings on
25 (date of first hearing) and (date of second hearing) on a proposal
26 to increase the total tax revenues of the (name of the taxing unit)
27 from properties on the tax roll in the preceding year by (percentage

1 by which proposed tax rate exceeds lower of rollback tax rate or
2 effective tax rate calculated under this chapter) percent.

3 "Last year's tax rate was _____ (tax rate for preceding year)
4 per \$100 of taxable value.

5 "The tax rate that would raise the taxes required to fund the
6 same level of services as were provided last year is _____ (effective
7 tax rate) per \$100 of taxable value.

8 "The proposed tax rate is _____ (proposed tax rate) per \$100 of
9 taxable value.

10 ~~["The total tax revenue proposed to be raised last year at~~
11 ~~last year's tax rate of (insert tax rate for the preceding year) for~~
12 ~~each \$100 of taxable value was (insert total amount of taxes imposed~~
13 ~~in the preceding year).]~~

14 ~~["The total tax revenue proposed to be raised this year at the~~
15 ~~proposed tax rate of (insert proposed tax rate) for each \$100 of~~
16 ~~taxable value, excluding tax revenue to be raised from new property~~
17 ~~added to the tax roll this year, is (insert amount computed by~~
18 ~~multiplying proposed tax rate by the difference between current~~
19 ~~total value and new property value).]~~

20 ~~["The total tax revenue proposed to be raised this year at the~~
21 ~~proposed tax rate of (insert proposed tax rate) for each \$100 of~~
22 ~~taxable value, including tax revenue to be raised from new property~~
23 ~~added to the tax roll this year, is (insert amount computed by~~
24 ~~multiplying proposed tax rate by current total value).]~~

25 "The (governing body of the taxing unit) is scheduled to vote
26 on the tax rate that will result in that tax increase at a public
27 meeting to be held on (date of meeting) at (location of meeting,

1 including mailing address) at (time of meeting)."

2 SECTION 7.04. Section 44.004(c), Education Code, is amended
3 to read as follows:

4 (c) The notice of public meeting to discuss and adopt the
5 budget and the proposed tax rate may not be smaller than one-quarter
6 page of a standard-size or a tabloid-size newspaper, and the
7 headline on the notice must be in 18-point or larger type. Subject
8 to Subsection (d), the notice must:

9 (1) contain a statement in the following form:

10 "NOTICE OF PUBLIC MEETING TO DISCUSS BUDGET AND PROPOSED TAX RATE
11 "The (name of school district) will hold a public meeting at
12 (time, date, year) in (name of room, building, physical location,
13 city, state). The purpose of this meeting is to discuss the school
14 district's budget that will determine the tax rate that will be
15 adopted. Public participation in the discussion is invited." The
16 statement of the purpose of the meeting must be in bold type. In
17 reduced type, the notice must state: "The tax rate that is
18 ultimately adopted at this meeting or at a separate meeting at a
19 later date may not exceed the proposed rate shown below unless the
20 district publishes a revised notice containing the same information
21 and comparisons set out below and holds another public meeting to
22 discuss the revised notice.";

23 (2) contain a section entitled "Comparison of Proposed
24 Budget with Last Year's Budget," which must show the difference,
25 expressed as a percent increase or decrease, as applicable, in the
26 amounts budgeted for the preceding fiscal year and the amount
27 budgeted for the fiscal year that begins in the current tax year for

1 each of the following:

2 (A) maintenance and operations;

3 (B) debt service; and

4 (C) total expenditures;

5 (3) [~~contain a section entitled "Total Appraised Value~~
6 ~~and Total Taxable Value," which must show the total appraised value~~
7 ~~and the total taxable value of all property and the total appraised~~
8 ~~value and the total taxable value of new property taxable by the~~
9 ~~district in the preceding tax year and the current tax year as~~
10 ~~calculated under Section 26.04, Tax Code,~~

11 [~~(4) contain a statement of the total amount of the~~
12 ~~outstanding and unpaid bonded indebtedness of the school district,~~

13 [~~(5)~~] contain a section entitled "Comparison of
14 Proposed Rates with Last Year's Rates," which must[+]

15 [~~(A)~~] show in rows the tax rates described by
16 Paragraphs (A)-(C) [~~Subparagraphs (i)-(iii)~~], expressed as amounts
17 per \$100 valuation of property, for columns entitled "Maintenance &
18 Operations," "Interest & Sinking Fund," and "Total," which is the
19 sum of "Maintenance & Operations" and "Interest & Sinking Fund":

20 (A) [~~(i)~~] the school district's "Last Year's
21 Rate";

22 (B) [~~(ii)~~] the "Rate to Maintain Same Level of
23 Maintenance & Operations Revenue & Pay Debt Service," which:

24 (i) [~~(a)~~] in the case of "Maintenance &
25 Operations," is the tax rate that, when applied to the current
26 taxable value for the district, as certified by the chief appraiser
27 under Section 26.01, Tax Code, and as adjusted to reflect changes

1 made by the chief appraiser as of the time the notice is prepared,
2 would impose taxes in an amount that, when added to state funds to
3 be distributed to the district under Chapter 42, would provide the
4 same amount of maintenance and operations taxes and state funds
5 distributed under Chapter 42 per student in average daily
6 attendance for the applicable school year that was available to the
7 district in the preceding school year; and

8 (ii) [~~(b)~~] in the case of "Interest &
9 Sinking Fund," is the tax rate that, when applied to the current
10 taxable value for the district, as certified by the chief appraiser
11 under Section 26.01, Tax Code, and as adjusted to reflect changes
12 made by the chief appraiser as of the time the notice is prepared,
13 and when multiplied by the district's anticipated collection rate,
14 would impose taxes in an amount that, when added to state funds to
15 be distributed to the district under Chapter 46 and any excess taxes
16 collected to service the district's debt during the preceding tax
17 year but not used for that purpose during that year, would provide
18 the amount required to service the district's debt; and

19 (C) [~~(iii)~~] the "Proposed Rate";

20 [~~(B)~~ contain fourth and fifth columns aligned
21 with the columns required by Paragraph (A) that show, for each row
22 required by Paragraph (A):

23 [~~(i)~~ the "Local Revenue per Student," which
24 is computed by multiplying the district's total taxable value of
25 property, as certified by the chief appraiser for the applicable
26 school year under Section 26.01, Tax Code, and as adjusted to
27 reflect changes made by the chief appraiser as of the time the

1 ~~notice is prepared, by the total tax rate, and dividing the product~~
2 ~~by the number of students in average daily attendance in the~~
3 ~~district for the applicable school year; and~~

4 ~~[(ii) the "State Revenue per Student,"~~
5 ~~which is computed by determining the amount of state aid received or~~
6 ~~to be received by the district under Chapters 42, 43, and 46 and~~
7 ~~dividing that amount by the number of students in average daily~~
8 ~~attendance in the district for the applicable school year; and~~

9 ~~[(C) contain an asterisk after each calculation~~
10 ~~for "Interest & Sinking Fund" and a footnote to the section that, in~~
11 ~~reduced type, states "The Interest & Sinking Fund tax revenue is~~
12 ~~used to pay for bonded indebtedness on construction, equipment, or~~
13 ~~both. The bonds, and the tax rate necessary to pay those bonds,~~
14 ~~were approved by the voters of this district.";~~

15 ~~[(6) contain a section entitled "Comparison of~~
16 ~~Proposed Levy with Last Year's Levy on Average Residence," which~~
17 ~~must:~~

18 ~~[(A) show in rows the information described by~~
19 ~~Subparagraphs (i)-(iv), rounded to the nearest dollar, for columns~~
20 ~~entitled "Last Year" and "This Year":~~

21 ~~[(i) "Average Market Value of Residences,"~~
22 ~~determined using the same group of residences for each year,~~

23 ~~[(ii) "Average Taxable Value of~~
24 ~~Residences," determined after taking into account the limitation on~~
25 ~~the appraised value of residences under Section 23.23, Tax Code,~~
26 ~~and after subtracting all homestead exemptions applicable in each~~
27 ~~year, other than exemptions available only to disabled persons or~~

1 ~~persons 65 years of age or older or their surviving spouses, and~~
2 ~~using the same group of residences for each year;~~

3 ~~[(iii) "Last Year's Rate Versus Proposed~~
4 ~~Rate per \$100 Value"; and~~

5 ~~[(iv) "Taxes Due on Average Residence,"~~
6 ~~determined using the same group of residences for each year; and~~

7 ~~[(B) contain the following~~
8 ~~information: "Increase (Decrease) in Taxes" expressed in dollars~~
9 ~~and cents, which is computed by subtracting the "Taxes Due on~~
10 ~~Average Residence" for the preceding tax year from the "Taxes Due on~~
11 ~~Average Residence" for the current tax year;]~~

12 (4) ~~[(7)]~~ contain the following statement in bold
13 print: "Under state law, the dollar amount of school taxes imposed
14 on the residence of a person 65 years of age or older or of the
15 surviving spouse of such a person, if the surviving spouse was 55
16 years of age or older when the person died, may not be increased
17 above the amount paid in the first year after the person turned 65,
18 regardless of changes in tax rate or property value.";

19 (5) ~~[(8)]~~ contain the following statement in bold
20 print: "Notice of Rollback Rate: The highest tax rate the
21 district can adopt before requiring voter approval at an election
22 is (the school district rollback rate determined under Section
23 26.08, Tax Code). This election will be automatically held if the
24 district adopts a rate in excess of the rollback rate of (the school
25 district rollback rate)."; and

26 (6) ~~[(9)]~~ contain a section entitled "Fund Balances,"
27 which must include the estimated amount of interest and sinking

1 fund balances and the estimated amount of maintenance and operation
2 or general fund balances remaining at the end of the current fiscal
3 year that are not encumbered with or by corresponding debt
4 obligation, less estimated funds necessary for the operation of the
5 district before the receipt of the first payment under Chapter 42 in
6 the succeeding school year.

7 SECTION 7.05. Section 49.236, Water Code, as added by
8 Chapters 248 (H.B. 1541) and 335 (S.B. 392), Acts of the 78th
9 Legislature, Regular Session, 2003, is reenacted and amended to
10 read as follows:

11 Sec. 49.236. NOTICE OF TAX HEARING. (a) Before the board
12 adopts an ad valorem tax rate for the district for debt service,
13 operation and maintenance purposes, or contract purposes, the board
14 shall give notice of each meeting of the board at which the adoption
15 of a tax rate will be considered. The notice must:

16 (1) contain a statement in substantially the following
17 form:

18 "NOTICE OF PUBLIC HEARING ON TAX RATE

19 "The (name of the district) will hold a public hearing on a
20 proposed tax rate for the tax year (year of tax levy) on (date and
21 time) at (meeting place). Your individual taxes may increase or
22 decrease, depending on the change in the taxable value of your
23 property in relation to the change in taxable value of all other
24 property and the tax rate that is adopted.

25 "(Names of all board members and, if a vote was taken, an
26 indication of how each voted on the proposed tax rate and an
27 indication of any absences.)";

1 (2) contain the following information:

2 (A) the district's total adopted tax rate for the
3 preceding year [~~and the proposed tax rate~~], expressed as an amount
4 per \$100;

5 (B) the district's effective tax rate [~~the~~
6 ~~difference~~], expressed as an amount per \$100 [~~and as a percent~~
7 ~~increase or decrease, as applicable, in the proposed tax rate~~
8 ~~compared to the adopted tax rate for the preceding year~~]; and

9 (C) the district's proposed tax rate, expressed
10 as an amount per \$100 [~~the average appraised value of a residence~~
11 ~~homestead in the district in the preceding year and in the current~~
12 ~~year; the district's total homestead exemption, other than an~~
13 ~~exemption available only to disabled persons or persons 65 years of~~
14 ~~age or older, applicable to that appraised value in each of those~~
15 ~~years; and the average taxable value of a residence homestead in the~~
16 ~~district in each of those years, disregarding any homestead~~
17 ~~exemption available only to disabled persons or persons 65 years of~~
18 ~~age or older~~];

19 [~~(D) the amount of tax that would have been~~
20 ~~imposed by the district in the preceding year on a residence~~
21 ~~homestead appraised at the average appraised value of a residence~~
22 ~~homestead in that year, disregarding any homestead exemption~~
23 ~~available only to disabled persons or persons 65 years of age or~~
24 ~~older,~~

25 [~~(E) the amount of tax that would be imposed by~~
26 ~~the district in the current year on a residence homestead appraised~~
27 ~~at the average appraised value of a residence homestead in that~~

1 ~~year, disregarding any homestead exemption available only to~~
2 ~~disabled persons or persons 65 years of age or older, if the~~
3 ~~proposed tax rate is adopted, and~~

4 ~~[(F) the difference between the amounts of tax~~
5 ~~calculated under Paragraphs (D) and (E), expressed in dollars and~~
6 ~~cents and described as the annual percentage increase or decrease,~~
7 ~~as applicable, in the tax to be imposed by the district on the~~
8 ~~average residence homestead in the district in the current year if~~
9 ~~the proposed tax rate is adopted;] and~~

10 (3) contain a statement in substantially the following
11 form:

12 "NOTICE OF TAXPAYERS' RIGHT TO
13 ROLLBACK ELECTION

14 "If taxes on the average residence homestead increase by more
15 than eight percent, the qualified voters of the district by
16 petition may require that an election be held to determine whether
17 to reduce the operation and maintenance tax rate to the rollback tax
18 rate under Section 49.236(d), Water Code."

19 (b) Notice of the hearing shall be:

20 (1) published at least once in a newspaper having
21 general circulation in the district at least seven days before the
22 date of the hearing; or

23 (2) mailed to each owner of taxable property in the
24 district, at the address for notice shown on the most recently
25 certified tax roll of the district, at least 10 days before the date
26 of the hearing.

27 (c) The notice provided under this section may not be

1 smaller than one-quarter page of a standard-size or tabloid-size
2 newspaper of general circulation, and the headline on the notice
3 must be in 18-point or larger type.

4 (d) If the governing body of a district adopts a combined
5 debt service, operation and maintenance, and contract tax rate that
6 would impose more than 1.08 times the amount of tax imposed by the
7 district in the preceding year on a residence homestead appraised
8 at the average appraised value of a residence homestead in the
9 district in that year, disregarding any homestead exemption
10 available only to disabled persons or persons 65 years of age or
11 older, the qualified voters of the district by petition may require
12 that an election be held to determine whether [~~or not~~] to reduce the
13 tax rate adopted for the current year to the rollback tax rate in
14 accordance with the procedures provided by Sections 26.07(b)-(g)
15 and 26.081, Tax Code. For purposes of Sections 26.07(b)-(g) and
16 this subsection, the rollback tax rate is the current year's debt
17 service and contract tax rates plus the operation and maintenance
18 tax rate that would impose 1.08 times the amount of the operation
19 and maintenance tax imposed by the district in the preceding year on
20 a residence homestead appraised at the average appraised value of a
21 residence homestead in the district in that year, disregarding any
22 homestead exemption available only to disabled persons or persons
23 65 years of age or older.

24 SECTION 7.06. This article applies only to ad valorem taxes
25 imposed for a tax year beginning on or after January 1, 2010.

26 SECTION 7.07. This article takes effect January 1, 2010.

27 ARTICLE 8. NOTICE OF APPRAISED VALUE

1 SECTION 8.01. Sections 25.19(b) and (i), Tax Code, are
2 amended to read as follows:

3 (b) The chief appraiser shall separate real from personal
4 property and include in the notice for each:

5 (1) a list of the taxing units in which the property is
6 taxable;

7 (2) the appraised value of the property in the
8 preceding year;

9 (3) the taxable value of the property in the preceding
10 year for each taxing unit taxing the property;

11 (4) the appraised value of the property for the
12 current year and the kind and amount of each partial exemption, if
13 any, approved for the current year;

14 (5) ~~[if the appraised value is greater than it was in~~
15 ~~the preceding year, the amount of tax that would be imposed on the~~
16 ~~property on the basis of the tax rate for the preceding year;~~

17 ~~(6)~~ in italic typeface, the following
18 statement: "The Texas Legislature does not set the amount of your
19 local taxes. Your property tax burden is decided by your locally
20 elected officials, and all inquiries concerning your taxes should
21 be directed to those officials";

22 (6) ~~(7)~~ a detailed explanation of the time and
23 procedure for protesting the value;

24 (7) ~~(8)~~ the date and place the appraisal review
25 board will begin hearing protests; and

26 (8) ~~(9)~~ a brief explanation that the governing body
27 of each taxing unit decides whether or not taxes on the property

1 will increase and the appraisal district only determines the value
2 of the property.

3 (i) Delivery with a notice required by Subsection (a) or (g)
4 of a copy of the pamphlet published by the comptroller under Section
5 5.06 or a copy of the notice published by the chief appraiser under
6 Section 41.70 is sufficient to comply with the requirement that the
7 notice include the information specified by Subsection (b)(6)
8 [~~(b)(7)~~] or (g)(3), as applicable.

9 SECTION 8.02. This article takes effect January 1, 2010.

10 ARTICLE 9. COMPOSITION AND OPERATION OF APPRAISAL REVIEW BOARDS

11 SECTION 9.01. Subchapter C, Chapter 6, Tax Code, is amended
12 by adding Section 6.44 to read as follows:

13 Sec. 6.44. MEMBERSHIP ON BOARD OF ADMINISTRATIVE LAW JUDGE.

14 (a) The comptroller may employ administrative law judges to serve
15 on appraisal review boards. To be eligible for employment with the
16 comptroller as an administrative law judge, an individual must be
17 licensed to practice law in this state and meet other requirements
18 prescribed by the comptroller.

19 (b) The comptroller may appoint an administrative law judge
20 employed by the comptroller to serve on an appraisal review board.
21 Section 6.41(c) does not apply to a person appointed under this
22 section. If the comptroller appoints an administrative law judge
23 to serve on an appraisal review board, the administrative law judge
24 serves on the board as an additional member and serves as the
25 chairman of the board.

26 (c) A vacancy in the position on an appraisal review board
27 held by an administrative law judge is filled in the same manner as

1 the original appointment.

2 (d) A member of an appraisal review board appointed under
3 this subsection holds office for a term of one year beginning
4 January 1.

5 (e) A member of an appraisal review board appointed under
6 this section may be removed from the board by the comptroller.
7 Grounds for removal are the grounds specified by Section 6.41(f),
8 except that the provision of Section 6.412(c) pertaining to an
9 employee of the comptroller does not apply to a person appointed
10 under this section.

11 (f) Notwithstanding Section 6.42(c), a member of an
12 appraisal review board appointed under this section is not entitled
13 to per diem.

14 SECTION 9.02. Section 41.45(d), Tax Code, is amended to
15 read as follows:

16 (d) An appraisal review board consisting of more than three
17 members may sit in panels of not fewer than three members to conduct
18 protest hearings. However, the determination of a protest heard by
19 a panel must be made by the board. If the comptroller has appointed
20 an administrative law judge to serve on the board, the
21 administrative law judge, to the extent practicable, shall sit on
22 panels that determine complex matters. If the recommendation of a
23 panel is not accepted by the board, the board may refer the matter
24 for rehearing to a panel composed of members who did not hear the
25 original hearing or, if there are not at least three members who did
26 not hear the original protest, the board may determine the protest.
27 Before determining a protest or conducting a rehearing before a new

1 panel or the board, the board shall deliver notice of the hearing or
2 meeting to determine the protest in accordance with the provisions
3 of this subchapter.

4 SECTION 9.03. This article takes effect January 1, 2010,
5 but only if the constitutional amendment proposed by the 81st
6 Legislature, Regular Session, 2009, authorizing the legislature to
7 provide that ad valorem tax appraisal services in any county are
8 under the jurisdiction of the entity specified by the legislature,
9 to provide for the consolidation of ad valorem tax appraisal
10 services, and to provide for enforcement of ad valorem tax
11 standards and procedures by the specified entity is approved by the
12 voters. If that amendment is not approved by the voters, this
13 article has no effect.

14 ARTICLE 10. CAPITALIZATION RATE USED TO APPRAISE INCOME-PRODUCING
15 TANGIBLE PERSONAL PROPERTY

16 SECTION 10.01. Section 22.01(a), Tax Code, is amended to
17 read as follows:

18 (a) Except as provided by Chapter 24, a person shall render
19 for taxation all tangible personal property used for the production
20 of income that the person owns or that the person manages and
21 controls as a fiduciary on January 1. A rendition statement shall
22 contain:

- 23 (1) the name and address of the property owner;
- 24 (2) a description of the property by type or category;
- 25 (3) if the property is inventory, a description of
26 each type of inventory and a general estimate of the quantity of
27 each type of inventory;

1 (4) the physical location or taxable situs of the
2 property; ~~and~~

3 (5) the property owner's good faith estimate of the
4 market value of the property or, at the option of the property
5 owner, the historical cost when new and the year of acquisition of
6 the property; and

7 (6) if the property owner provides a good faith
8 estimate of the market value of the property, the capitalization
9 rate, if any, used by the owner to estimate the value.

10 SECTION 10.02. Subchapter C, Chapter 22, Tax Code, is
11 amended by adding Section 22.42 to read as follows:

12 Sec. 22.42. REPORT OF CAPITALIZATION RATES USED BY PROPERTY
13 OWNERS TO ESTIMATE VALUE. Not later than April 20 of each year, the
14 chief appraiser of each appraisal district shall deliver a written
15 report to the comptroller containing the following information
16 regarding each rendition statement delivered to the chief appraiser
17 in that year that contains a capitalization rate as provided by
18 Section 22.01(a)(6):

19 (1) the capitalization rate contained in the
20 statement; and

21 (2) the information required by Sections
22 22.01(a)(2)-(4) to be contained in the statement.

23 SECTION 10.03. Subchapter B, Chapter 23, Tax Code, is
24 amended by adding Section 23.26 to read as follows:

25 Sec. 23.26. DETERMINATION OF CAPITALIZATION RATE TO BE USED
26 IN APPRAISING INCOME-PRODUCING TANGIBLE PERSONAL PROPERTY. (a) Not
27 later than May 1 of each year, the comptroller shall:

1 (1) determine the capitalization rate to be used by
2 the chief appraiser of each appraisal district in using the income
3 method of appraisal to appraise tangible personal property used for
4 the production of income that a person owns or that the person
5 manages and controls as a fiduciary on January 1; and

6 (2) notify in writing the chief appraiser of each
7 appraisal district of the comptroller's determination.

8 (b) In determining the capitalization rate to be used in
9 appraising property, the comptroller shall consider the
10 information reported to the comptroller under Section 22.42.

11 (c) The comptroller may specify different capitalization
12 rates to be used in appraising property depending on:

13 (1) the type or category of the property; and

14 (2) the physical location or taxable situs of the
15 property.

16 (d) The comptroller must provide notice and an opportunity
17 for public comment before determining the capitalization rate to be
18 used in appraising property.

19 SECTION 10.04. This article takes effect January 1, 2010.

20 ARTICLE 11. APPRAISAL OF RESIDENCE HOMESTEADS

21 SECTION 11.01. Subchapter B, Chapter 23, Tax Code, is
22 amended by adding Section 23.27 to read as follows:

23 Sec. 23.27. APPRAISAL OF RESIDENCE HOMESTEAD. (a) This
24 section applies only to the appraisal of a residence homestead.

25 (b) In appraising the property, the chief appraiser may not
26 consider any factor other than a factor relating to the value of the
27 property for use as a residence homestead.

1 value of property the individual owns and occupies as the
2 individual's residence homestead that exceeds the sum of:

3 (1) [~~105 percent of~~] the appraised value of the
4 property for the preceding year; and

5 (2) the market value of all new improvements to the
6 property.

7 (g) A tax lien remains on the property and interest
8 continues to accrue during the period collection of delinquent
9 taxes is deferred or abated under this section. The annual interest
10 rate during the deferral or abatement period is the prime rate, as
11 published in The Wall Street Journal on the first day of each
12 calendar year that is not a Saturday, Sunday, or legal holiday,
13 [~~eight percent~~] instead of the rate provided by Section 33.01.
14 Interest and penalties that accrued or that were incurred or
15 imposed under Section 33.01 or 33.07 before the date the individual
16 files the deferral affidavit under Subsection (c) or the date the
17 judgment abating the suit is entered, as applicable, are preserved.
18 A penalty is not incurred on the delinquent taxes for which
19 collection is deferred or abated during a deferral or abatement
20 period. The additional penalty under Section 33.07 may be imposed
21 and collected only if the delinquent taxes for which collection is
22 deferred or abated remain delinquent on or after the 91st day after
23 the date the deferral or abatement period expires. A plea of
24 limitation, laches, or want of prosecution does not apply against
25 the taxing unit because of deferral or abatement of collection as
26 provided by this section.

27 SECTION 12.02. Section 33.065(g), Tax Code, as amended by

1 this article, applies only to interest that accrued on a delinquent
2 tax before September 1, 2009, or that accrues on or after that date,
3 regardless of whether the deferral or abatement period under
4 Section 33.065, Tax Code, began before September 1, 2009, or begins
5 on or after that date.

6 SECTION 12.03. This article takes effect September 1, 2009.