

By: Merritt

H.B. No. 4038

A BILL TO BE ENTITLED

AN ACT

relating to the system for appraising property for ad valorem tax purposes.

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

SECTION 1. Sections 5.102(c) and (d), Tax Code, are amended to read as follows:

(c) If the review results in a finding that an appraisal district is not in compliance with generally accepted appraisal standards and practices, the comptroller shall deliver a report that details the comptroller's findings and recommendations for improvement to:

(1) the county assessor-collector who governs the appraisal district [~~district's chief appraiser and board of directors~~]; and

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

(d) If the appraisal district fails to comply with the recommendations in the report and the comptroller finds that the county assessor-collector who governs [~~board of directors of~~] the appraisal district failed to take remedial action before the first anniversary of the date the report was issued, the comptroller shall notify the judge of each district court in the county for which the appraisal district is established, who shall appoint a board of conservators consisting of five members to implement the

1 recommendations. The board of conservators shall exercise
2 supervision and control over the operations of the appraisal
3 district until the comptroller determines under Section 403.302,
4 Government Code, that in the same year the taxable value of each
5 school district for which the appraisal district appraises property
6 is the local value for the school district. The appraisal district
7 shall bear the costs related to the supervision and control of the
8 district by the board of conservators.

9 SECTION 2. Sections 5.12(b) and (h), Tax Code, are amended
10 to read as follows:

11 (b) At the written request of the governing bodies of a
12 majority of the taxing units participating in an appraisal district
13 or of a majority of the group of taxing units composed of the
14 municipalities, school districts, and county participating in an
15 ~~[entitled to vote on the appointment of]~~ appraisal district
16 ~~[directors]~~, the comptroller shall audit the performance of the
17 appraisal district. The governing bodies may request a general
18 audit of the performance of the appraisal district or may request an
19 audit of only one or more particular duties, practices, functions,
20 departments, or other appraisal district matters.

21 (h) In addition to the performance audits required by
22 Subsections (a), (b), and (c) and the review of appraisal standards
23 required by Section 5.102, the comptroller may audit an appraisal
24 district to analyze the effectiveness and efficiency of the
25 policies, management, and operations of the appraisal district.
26 The results of the audit shall be delivered in a report that details
27 the comptroller's findings and recommendations for improvement to

1 the county assessor-collector who governs the appraisal district
2 [~~district's chief appraiser and board of directors~~] and the
3 governing body of each taxing unit participating in the appraisal
4 district. The comptroller may require reimbursement by the
5 appraisal district for some or all of the costs of the audit, not to
6 exceed the actual costs associated with conducting the audit.

7 SECTION 3. Sections 5.13(c), (f), and (h), Tax Code, are
8 amended to read as follows:

9 (c) The comptroller must approve the specific plan for the
10 performance audit of an appraisal district. Before approving an
11 audit plan, the comptroller must provide any interested person an
12 opportunity to appear before the comptroller and to comment on the
13 proposed plan. Not later than the 20th day before the date the
14 comptroller considers the plan for an appraisal district
15 performance audit, the comptroller must notify the county
16 assessor-collector who governs [~~presiding officer of~~] the
17 appraisal district [~~board of directors~~] that the comptroller
18 intends to consider the plan. The notice must include the time,
19 date, and place of the meeting to consider the plan. [~~Immediately~~
20 ~~after receiving the notice, the presiding officer shall deliver a~~
21 ~~copy of the notice to the other members of the appraisal district~~
22 ~~board of directors.~~]

23 (f) The comptroller shall report the results of its audit in
24 writing to the governing body of each taxing unit that participates
25 in the appraisal district and[~~7~~] to the county assessor-collector
26 who governs [~~chief appraiser, and to the presiding officer of~~] the
27 appraisal district [~~board of directors~~]. If the audit was

1 requested under Section 5.12(c) [~~of this code~~], the comptroller
2 shall also provide a report to a representative of the property
3 owners who requested 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 group of
11 taxing units composed of the municipalities, school districts, and
12 county participating in the [~~entitled to vote on the appointment~~
13 ~~of~~] appraisal district [~~directors~~], if the audit was requested by a
14 majority of those units; or

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

17 SECTION 4. Section 6.02(b), Tax Code, is amended to read as
18 follows:

19 (b) This section does not preclude the county
20 assessor-collectors who govern [~~board of directors of~~] two or more
21 adjoining appraisal districts from providing for the operation of a
22 consolidated appraisal district by interlocal contract.

23 SECTION 5. Section 6.03, Tax Code, is amended to read as
24 follows:

25 Sec. 6.03. GOVERNANCE [~~BOARD~~] OF APPRAISAL DISTRICTS
26 [~~DIRECTORS~~]. (a) An [~~The~~] appraisal district is governed by the
27 assessor-collector of the county for which the district is

1 established as part of the duties of the office.

2 (b) The county assessor-collector is entitled to
3 compensation for administering the appraisal district as provided
4 by the appraisal district budget. [~~a board of directors. Five~~
5 ~~directors are appointed by the taxing units that participate in the~~
6 ~~district as provided by this section. If the county~~
7 ~~assessor-collector is not appointed to the board, the county~~
8 ~~assessor-collector serves as a nonvoting director. The county~~
9 ~~assessor-collector is ineligible to serve if the board enters into~~
10 ~~a contract under Section 6.05(b) or if the commissioners court of~~
11 ~~the county enters into a contract under Section 6.24(b). To be~~
12 ~~eligible to serve on the board of directors, an individual other~~
13 ~~than a county assessor-collector serving as a nonvoting director~~
14 ~~must be a resident of the district and must have resided in the~~
15 ~~district for at least two years immediately preceding the date the~~
16 ~~individual takes office. An individual who is otherwise eligible~~
17 ~~to serve on the board is not ineligible because of membership on the~~
18 ~~governing body of a taxing unit. An employee of a taxing unit that~~
19 ~~participates in the district is not eligible to serve on the board~~
20 ~~unless the individual is also a member of the governing body or an~~
21 ~~elected official of a taxing unit that participates in the~~
22 ~~district.~~

23 ~~[(b) Members of the board of directors other than a county~~
24 ~~assessor-collector serving as a nonvoting director serve two-year~~
25 ~~terms beginning on January 1 of even-numbered years.~~

26 ~~[(c) Members of the board of directors other than a county~~
27 ~~assessor-collector serving as a nonvoting director are appointed by~~

1 ~~vote of the governing bodies of the incorporated cities and towns,~~
2 ~~the school districts, and, if entitled to vote, the conservation~~
3 ~~and reclamation districts that participate in the district and of~~
4 ~~the county. A governing body may cast all its votes for one~~
5 ~~candidate or distribute them among candidates for any number of~~
6 ~~directorships. Conservation and reclamation districts are not~~
7 ~~entitled to vote unless at least one conservation and reclamation~~
8 ~~district in the district delivers to the chief appraiser a written~~
9 ~~request to nominate and vote on the board of directors by June 1 of~~
10 ~~each odd-numbered year. On receipt of a request, the chief~~
11 ~~appraiser shall certify a list by June 15 of all eligible~~
12 ~~conservation and reclamation districts that are imposing taxes and~~
13 ~~that participate in the district.~~

14 ~~[(d) The voting entitlement of a taxing unit that is~~
15 ~~entitled to vote for directors is determined by dividing the total~~
16 ~~dollar amount of property taxes imposed in the district by the~~
17 ~~taxing unit for the preceding tax year by the sum of the total~~
18 ~~dollar amount of property taxes imposed in the district for that~~
19 ~~year by each taxing unit that is entitled to vote, by multiplying~~
20 ~~the quotient by 1,000, and by rounding the product to the nearest~~
21 ~~whole number. That number is multiplied by the number of~~
22 ~~directorships to be filled. A taxing unit participating in two or~~
23 ~~more districts is entitled to vote in each district in which it~~
24 ~~participates, but only the taxes imposed in a district are used to~~
25 ~~calculate voting entitlement in that district.~~

26 ~~[(e) The chief appraiser shall calculate the number of votes~~
27 ~~to which each taxing unit other than a conservation and reclamation~~

1 ~~district is entitled and shall deliver written notice to each of~~
2 ~~those units of its voting entitlement before October 1 of each~~
3 ~~odd-numbered year. The chief appraiser shall deliver the notice:~~

4 ~~[(1) to the county judge and each commissioner of the~~
5 ~~county served by the appraisal district;~~

6 ~~[(2) to the presiding officer of the governing body of~~
7 ~~each city or town participating in the appraisal district, to the~~
8 ~~city manager of each city or town having a city manager, and to the~~
9 ~~city secretary or clerk, if there is one, of each city or town that~~
10 ~~does not have a city manager; and~~

11 ~~[(3) to the presiding officer of the governing body of~~
12 ~~each school district participating in the district and to the~~
13 ~~superintendent of those school districts.~~

14 ~~[(f) The chief appraiser shall calculate the number of votes~~
15 ~~to which each conservation and reclamation district entitled to~~
16 ~~vote for district directors is entitled and shall deliver written~~
17 ~~notice to the presiding officer of each conservation and~~
18 ~~reclamation district of its voting entitlement and right to~~
19 ~~nominate a person to serve as a director of the district before July~~
20 ~~1 of each odd-numbered year.~~

21 ~~[(g) Each taxing unit other than a conservation and~~
22 ~~reclamation district that is entitled to vote may nominate by~~
23 ~~resolution adopted by its governing body one candidate for each~~
24 ~~position to be filled on the board of directors. The presiding~~
25 ~~officer of the governing body of the unit shall submit the names of~~
26 ~~the unit's nominees to the chief appraiser before October 15.~~

27 ~~[(h) Each conservation and reclamation district entitled to~~

1 ~~vote may nominate by resolution adopted by its governing body one~~
2 ~~candidate for the district's board of directors. The presiding~~
3 ~~officer of the conservation and reclamation district's governing~~
4 ~~body shall submit the name of the district's nominee to the chief~~
5 ~~appraiser before July 15 of each odd-numbered year. Before August~~
6 ~~1, the chief appraiser shall prepare a nominating ballot, listing~~
7 ~~all the nominees of conservation and reclamation districts~~
8 ~~alphabetically by surname, and shall deliver a copy of the~~
9 ~~nominating ballot to the presiding officer of the board of~~
10 ~~directors of each district. The board of directors of each district~~
11 ~~shall determine its vote by resolution and submit it to the chief~~
12 ~~appraiser before August 15. The nominee on the ballot with the most~~
13 ~~votes is the nominee of the conservation and reclamation districts~~
14 ~~in the appraisal district if the nominee received more than 10~~
15 ~~percent of the votes entitled to be cast by all of the conservation~~
16 ~~and reclamation districts in the appraisal district, and shall be~~
17 ~~named on the ballot with the candidates nominated by the other~~
18 ~~taxing units. The chief appraiser shall resolve a tie vote by any~~
19 ~~method of chance.~~

20 ~~[(i) If no nominee of the conservation and reclamation~~
21 ~~districts receives more than 10 percent of the votes entitled to be~~
22 ~~cast under Subsection (h), the chief appraiser, before September 1,~~
23 ~~shall notify the presiding officer of the board of directors of each~~
24 ~~conservation and reclamation district of the failure to select a~~
25 ~~nominee. Each conservation and reclamation district may submit a~~
26 ~~nominee by September 15 to the chief appraiser as provided by~~
27 ~~Subsection (h). The chief appraiser shall submit a second~~

1 ~~nominating ballot by October 1 to the conservation and reclamation~~
2 ~~districts as provided by Subsection (h). The conservation and~~
3 ~~reclamation districts shall submit their votes for nomination~~
4 ~~before October 15 as provided by Subsection (h). The nominee on the~~
5 ~~second nominating ballot with the most votes is the nominee of the~~
6 ~~conservation and reclamation districts in the appraisal district~~
7 ~~and shall be named on the ballot with the candidates nominated by~~
8 ~~the other taxing units. The chief appraiser shall resolve a tie~~
9 ~~vote by any method of chance.~~

10 ~~[(j) Before October 30, the chief appraiser shall prepare a~~
11 ~~ballot, listing the candidates whose names were timely submitted~~
12 ~~under Subsections (g) and, if applicable, (h) or (i) alphabetically~~
13 ~~according to the first letter in each candidate's surname, and~~
14 ~~shall deliver a copy of the ballot to the presiding officer of the~~
15 ~~governing body of each taxing unit that is entitled to vote.~~

16 ~~[(k) The governing body of each taxing unit entitled to vote~~
17 ~~shall determine its vote by resolution and submit it to the chief~~
18 ~~appraiser before December 15. The chief appraiser shall count the~~
19 ~~votes, declare the five candidates who receive the largest~~
20 ~~cumulative vote totals elected, and submit the results before~~
21 ~~December 31 to the governing body of each taxing unit in the~~
22 ~~district and to the candidates. For purposes of determining the~~
23 ~~number of votes received by the candidates, the candidate receiving~~
24 ~~the most votes of the conservation and reclamation districts is~~
25 ~~considered to have received all of the votes cast by conservation~~
26 ~~and reclamation districts and the other candidates are considered~~
27 ~~not to have received any votes of the conservation and reclamation~~

1 ~~districts. The chief appraiser shall resolve a tie vote by any~~
2 ~~method of chance.~~

3 ~~[(1) If a vacancy occurs on the board of directors other~~
4 ~~than a vacancy in the position held by a county assessor-collector~~
5 ~~-serving as a nonvoting director, each taxing unit that is entitled~~
6 ~~to vote by this section may nominate by resolution adopted by its~~
7 ~~governing body a candidate to fill the vacancy. The unit shall~~
8 ~~submit the name of its nominee to the chief appraiser within 45 days~~
9 ~~after notification from the board of directors of the existence of~~
10 ~~the vacancy, and the chief appraiser shall prepare and deliver to~~
11 ~~the board of directors within the next five days a list of the~~
12 ~~nominees. The board of directors shall elect by majority vote of~~
13 ~~its members one of the nominees to fill the vacancy.]~~

14 SECTION 6. Sections 6.035(a) and (b), Tax Code, are amended
15 to read as follows:

16 (a) An individual is [~~ineligible to serve on an appraisal~~
17 ~~district board of directors and is~~] disqualified from employment as
18 chief appraiser if the individual:

19 (1) is related within the second degree by
20 consanguinity or affinity, as determined under Chapter 573,
21 Government Code, to an individual who is engaged in the business of
22 appraising property for compensation for use in proceedings under
23 this title or of representing property owners for compensation in
24 proceedings under this title in the appraisal district; or

25 (2) owns property on which delinquent taxes have been
26 owed to a taxing unit for more than 60 days after the date the
27 individual knew or should have known of the delinquency unless:

1 (A) the delinquent taxes and any penalties and
2 interest are being paid under an installment payment agreement
3 under Section 33.02; or

4 (B) a suit to collect the delinquent taxes is
5 deferred or abated under Section 33.06 or 33.065.

6 (b) A ~~[member of an appraisal district board of directors or~~
7 ~~a]~~ chief appraiser commits an offense if the ~~[board member~~
8 ~~continues to hold office or the]~~ chief appraiser remains employed
9 knowing that an individual related within the second degree by
10 consanguinity or affinity, as determined under Chapter 573,
11 Government Code, to the ~~[board member or]~~ chief appraiser is
12 engaged in the business of appraising property for compensation for
13 use in proceedings under this title or of representing property
14 owners for compensation in proceedings under this title in the
15 appraisal district in which the ~~[member serves or the]~~ chief
16 appraiser is employed. An offense under this subsection is a Class
17 B misdemeanor.

18 SECTION 7. Sections 6.05 and 6.051, Tax Code, are amended to
19 read as follows:

20 Sec. 6.05. APPRAISAL OFFICE; CHIEF APPRAISER. (a) Except
21 as authorized by Subsection (b) ~~[of this section]~~, each appraisal
22 district shall establish an appraisal office. The appraisal office
23 must be located in the county for which the district is established.
24 An appraisal district may establish branch appraisal offices
25 outside the county for which the district is established.

26 (b) The county assessor-collector who governs ~~[board of~~
27 ~~directors of]~~ an appraisal district may contract with an appraisal

1 office in another district or with a taxing unit in the district to
2 perform the duties of the appraisal office for the district.

3 (c) The county assessor-collector may serve as the chief
4 appraiser for the appraisal district or may appoint another person
5 to serve as the chief appraiser.

6 (d) A county assessor-collector who appoints another person
7 to serve as the chief appraiser shall notify the comptroller and
8 each taxing unit that participates in the appraisal district of
9 that appointment.

10 (e) An appointed chief appraiser serves at the pleasure of
11 the county assessor-collector and acts on behalf of the county
12 assessor-collector on all matters delegated to the appointed chief
13 appraiser by the county assessor-collector.

14 (f) The chief appraiser is the chief administrator of the
15 appraisal office.

16 (g) An appointed [~~The chief appraiser is appointed by and~~
17 ~~serves at the pleasure of the appraisal district board of~~
18 ~~directors. If a taxing unit performs the duties of the appraisal~~
19 ~~office pursuant to a contract, the assessor for the unit is the~~
20 ~~chief appraiser.~~

21 [(d) ~~The~~] chief appraiser is entitled to compensation as
22 provided by the appraisal district budget for performing duties
23 delegated to the appointed chief appraiser by the county
24 assessor-collector [~~adopted by the board of directors~~]. The chief
25 appraiser's compensation may not be directly or indirectly linked
26 to an increase in the total market, appraised, or taxable value of
27 property in the appraisal district.

1 (h) The chief appraiser may employ and compensate
2 professional, clerical, and other personnel as provided by the
3 budget.

4 [~~(e)~~] The chief appraiser may delegate authority to the
5 chief appraiser's [~~his~~] employees.

6 (i) The county assessor-collector may not appoint a person
7 to serve as the chief appraiser if the person is related to the
8 county assessor-collector within the second degree by affinity or
9 within the third degree by consanguinity, as determined under
10 Chapter 573, Government Code. An appointed [~~(f) The~~] chief
11 appraiser may not employ any individual related to the county
12 assessor-collector [~~a member of the board of directors~~] within the
13 second degree by affinity or within the third degree by
14 consanguinity, as determined under Chapter 573, Government Code. A
15 person commits an offense if the person intentionally or knowingly
16 violates this subsection. An offense under this subsection is a
17 misdemeanor punishable by a fine of not less than \$100 or more than
18 \$1,000.

19 (j) [~~(g)~~] The chief appraiser is an officer of the appraisal
20 district for purposes of the nepotism law, Chapter 573, Government
21 Code. An appraisal district may not employ or contract with an
22 individual or the spouse of an individual who is related to the
23 chief appraiser within the first degree by consanguinity or
24 affinity, as determined under Chapter 573, Government Code.

25 (k) A county assessor-collector who appoints another person
26 to serve as the chief appraiser [~~(h) The board of directors of an~~
27 ~~appraisal district by resolution~~] may prescribe that specified

1 actions of the chief appraiser relating to the finances or
2 administration of the appraisal district are subject to the
3 approval of the county assessor-collector [~~board~~].

4 (1) [~~(i)~~] To ensure adherence with generally accepted
5 appraisal practices, the county assessor-collector [~~board of~~
6 ~~directors of an appraisal district~~] shall develop biennially a
7 written plan for the periodic reappraisal of all property within
8 the boundaries of the district according to the requirements of
9 Section 25.18 and shall hold a public hearing to consider the
10 proposed plan. Not later than the 10th day before the date of the
11 hearing, the county assessor-collector [~~secretary of the board~~]
12 shall deliver to the presiding officer of the governing body of each
13 taxing unit participating in the district a written notice of the
14 date, time, and place for the hearing. Not later than September 15
15 of each even-numbered year, the county assessor-collector [~~board~~]
16 shall hold the hearing [~~complete its hearings~~], make any
17 amendments, and [~~by resolution~~] finally approve the plan. Copies
18 of the approved plan shall be distributed to the presiding officer
19 of the governing body of each taxing unit participating in the
20 district and to the comptroller within 60 days of the approval date.

21 Sec. 6.051. OWNERSHIP OR LEASE OF REAL PROPERTY. (a) The
22 county assessor-collector who governs [~~board of directors of~~] an
23 appraisal district may purchase or lease real property and may
24 construct improvements as necessary to establish and operate the
25 appraisal office or a branch appraisal office.

26 (b) The acquisition or conveyance of real property or the
27 construction or renovation of a building or other improvement by an

1 appraisal district must be approved by the governing bodies of
2 three-fourths of the group of taxing units composed of the
3 municipalities, school districts, and county participating in the
4 appraisal district [~~entitled to vote on the appointment of board~~
5 ~~members~~]. The county assessor-collector [~~board of directors by~~
6 ~~resolution~~] may propose a property transaction or other action for
7 which this subsection requires approval of the taxing units. The
8 county assessor-collector [~~chief appraiser~~] shall notify the
9 presiding officer of each governing body entitled to vote on the
10 approval of the proposal by delivering a copy of the proposal
11 [~~board's resolution~~], together with information showing the costs
12 of other available alternatives to the proposal. On or before the
13 30th day after the date the presiding officer receives notice of the
14 proposal, the governing body of a taxing unit by resolution may
15 approve or disapprove the proposal. If a governing body fails to
16 act on or before that 30th day or fails to file its resolution with
17 the county assessor-collector [~~chief appraiser~~] on or before the
18 10th day after that 30th day, the proposal is treated as if it were
19 disapproved by the governing body.

20 (c) The county assessor-collector [~~board of directors~~] may
21 convey real property owned by the district, and the proceeds shall
22 be credited to each taxing unit that participates in the district in
23 proportion to the unit's allocation of the appraisal district
24 budget in the year in which the transaction occurs. A conveyance
25 must be approved as provided by Subsection (b) [~~of this section~~],
26 and any proceeds shall be apportioned by an amendment to the annual
27 budget made as provided by Section 6.06(c) [~~Subsection (c) of~~

1 ~~Section 6.06 of this code].~~

2 ~~[(d) An acquisition of real property by an appraisal~~
3 ~~district before January 1, 1988, may be validated before March 1,~~
4 ~~1988, in the manner provided by Subsection (b) of this section for~~
5 ~~the acquisition of real property.]~~

6 SECTION 8. Section 6.06, Tax Code, is amended by amending
7 Subsections (a) through (d) and (f) through (k) and adding
8 Subsection (l) to read as follows:

9 (a) Each year the county assessor-collector [~~chief~~
10 ~~appraiser~~] shall prepare a proposed budget for the operations of
11 the district for the following tax year and shall submit copies to
12 each taxing unit participating in the district [~~and to the district~~
13 ~~board of directors~~] before June 15. The county assessor-collector
14 [~~He~~] shall include in the budget a list showing each proposed
15 position, the proposed salary for the position, all benefits
16 proposed for the position, each proposed capital expenditure, and
17 an estimate of the amount of the budget that will be allocated to
18 each taxing unit. Each taxing unit [~~entitled to vote on the~~
19 ~~appointment of board members~~] shall maintain a copy of the proposed
20 budget for public inspection at its principal administrative
21 office.

22 (b) The county assessor-collector [~~board of directors~~]
23 shall hold a public hearing to consider the budget. The county
24 assessor-collector [~~secretary of the board~~] shall deliver to the
25 presiding officer of the governing body of each taxing unit
26 participating in the district not later than the 10th day before the
27 date of the hearing a written notice of the date, time, and place

1 fixed for the hearing. The county assessor-collector [~~board~~] shall
2 complete the [~~its~~] hearings, make necessary [~~any~~] amendments to the
3 proposed budget [~~it desires~~], and finally approve a budget before
4 September 15. If governing bodies of a majority of the group of
5 taxing units composed of the municipalities, school districts, and
6 county participating in the appraisal district [~~taxing units~~
7 ~~entitled to vote on the appointment of board members~~] adopt
8 resolutions disapproving a budget and file them with the county
9 assessor-collector [~~secretary of the board~~] within 30 days after
10 its adoption, the budget does not take effect, and the county
11 assessor-collector [~~board~~] shall adopt a new budget within 30 days
12 of the disapproval.

13 (c) The county assessor-collector [~~board~~] may amend the
14 approved budget at any time, but [~~the secretary of the board~~] must
15 deliver a written copy of a proposed amendment to the presiding
16 officer of the governing body of each taxing unit participating in
17 the district not later than the 30th day before the date the county
18 assessor-collector approves the amendment [~~board acts on it~~].

19 (d) Each taxing unit participating in the district is
20 allocated a portion of the amount of the budget equal to the
21 proportion that the total taxable value [~~dollar amount~~] of property
22 located [~~taxes imposed~~] in the unit [~~district by the unit~~] for the
23 tax year in which the budget proposal is prepared bears to the sum
24 of the total taxable value [~~dollar amount~~] of property located
25 [~~taxes imposed~~] in each participating unit [~~the district by each~~
26 ~~participating unit~~] for that year. For purposes of this
27 subsection, the taxable value for each taxing unit is determined

1 separately, without regard to the inclusion of the same property in
2 the determination of the taxable value for other taxing units. If a
3 taxing unit participates in two or more districts, only the taxable
4 value of property appraised for the unit by [~~taxes imposed in~~] a
5 district is [~~are~~] used to calculate the unit's cost allocations in
6 that district. If the number of real property parcels in a taxing
7 unit is less than 5 percent of the total number of real property
8 parcels in the district and the total taxable value of property
9 located in the taxing unit exceeds [~~imposes in excess of~~] 25 percent
10 of the sum of the total taxable value of property in each
11 participating taxing unit [~~total amount of the property taxes~~
12 ~~imposed in the district by all of the participating taxing units~~]
13 for a year, the unit's allocation may not exceed a percentage of the
14 appraisal district's budget equal to three times the unit's
15 percentage of the total number of real property parcels appraised
16 by the district.

17 (f) Payments shall be made to a depository designated by the
18 county assessor-collector [~~district board of directors~~]. The
19 district's funds may be disbursed only by a written check, draft, or
20 order signed by the county assessor-collector [~~chairman and~~
21 ~~secretary of the board or, if authorized by resolution of the board,~~
22 ~~by the chief appraiser~~].

23 (g) If a taxing unit decides not to impose taxes for any tax
24 year, the unit is not liable for any of the costs of operating the
25 district in that year, and those costs are allocated among the other
26 taxing units [~~as if that unit had not imposed taxes in the year used~~
27 ~~to calculate allocations~~]. However, if that unit has made any

1 payments, it is not entitled to a refund.

2 (h) If a newly formed taxing unit or a taxing unit that did
3 not impose taxes in the preceding year imposes taxes in any tax
4 year, that unit is allocated a portion of the amount budgeted to
5 operate the district. The total taxable value for the current year
6 of property in the unit and appraised for the unit by the district
7 ~~[as if it had imposed taxes in the preceding year, except that the~~
8 ~~amount of taxes the unit imposes in the current year]~~ is used to
9 calculate its allocation. Before the total taxable value for the
10 current year of property in the unit and appraised for the unit by
11 the district ~~[amount of taxes to be imposed for the current year]~~ is
12 known, the allocation may be based on an estimate to which the
13 county assessor-collector ~~[district board of directors]~~ and the
14 governing body of the unit agree, and the payments made after that
15 amount is known shall be adjusted to reflect the actual amount
16 ~~[imposed]~~. The payments of a newly formed taxing unit that has no
17 source of funds are postponed until the unit has received adequate
18 tax or other revenues.

19 (i) The fiscal year of an appraisal district is the calendar
20 year unless the governing bodies of three-fourths of the group of
21 taxing units composed of the municipalities, school districts, and
22 county participating in the appraisal district ~~[taxing units~~
23 ~~entitled to vote on the appointment of board members]~~ adopt
24 resolutions proposing a different fiscal year and file them with
25 the county assessor-collector ~~[secretary of the board]~~ not more
26 than 12 and not less than eight months before the first day of the
27 fiscal year proposed by the resolutions. If the fiscal year of an

1 appraisal district is changed under this subsection, the county
2 assessor-collector [~~chief appraiser~~] shall prepare a proposed
3 budget for the fiscal year as provided by Subsection (a) [~~of this~~
4 ~~section~~] before the 15th day of the seventh month preceding the
5 first day of the fiscal year established by the change[~~7~~] and [~~the~~
6 ~~board of directors~~] shall adopt a budget for the fiscal year as
7 provided by Subsection (b) [~~of this section~~] before the 15th day of
8 the fourth month preceding the first day of the fiscal year
9 established by the change. Unless the appraisal district adopts a
10 different method of allocation under Section 6.061 [~~of this code~~],
11 the allocation of the budget to each taxing unit shall be calculated
12 as provided by Subsection (d) [~~of this section~~] using the
13 appropriate total taxable values [~~amount of property taxes imposed~~
14 ~~by each participating taxing unit~~] in the most recent tax year
15 preceding the fiscal year established by the change for which the
16 necessary information is available. Each taxing unit shall pay its
17 allocation as provided by Subsection (e) [~~of this section~~], except
18 that the first payment shall be made before the first day of the
19 fiscal year established by the change and subsequent payments shall
20 be made quarterly. The [~~In the year in which a change in the fiscal~~
21 ~~year occurs, the~~] budget for the fiscal year that precedes the
22 fiscal year established by the change [~~that takes effect on January~~
23 ~~1 of that year~~] may be amended as necessary as provided by
24 Subsection (c) [~~of this section in order~~] to accomplish the change
25 in fiscal years.

26 (j) If the total amount of the payments made or due to be
27 made by the taxing units participating in an appraisal district

1 exceeds the amount actually spent or obligated to be spent during
2 the fiscal year for which the payments were made, the county
3 assessor-collector [~~chief appraiser~~] shall credit the excess
4 amount against each taxing unit's allocated payments for the
5 following year in proportion to the amount of each unit's budget
6 allocation for the fiscal year for which the payments were made. If
7 a taxing unit that paid its allocated amount is not allocated a
8 portion of the district's budget for the following fiscal year, the
9 county assessor-collector [~~chief appraiser~~] shall refund to the
10 taxing unit its proportionate share of the excess funds not later
11 than the 150th day after the end of the fiscal year for which the
12 payments were made.

13 (k) For good cause shown, the county assessor-collector
14 [~~board of directors~~] may waive the penalty and interest on a
15 delinquent payment under Subsection (e).

16 (l) In this subsection, "special district or authority"
17 means any taxing unit other than a school district, municipality,
18 or county and includes a junior college district or hospital
19 district. Notwithstanding any other provision of this section, if
20 the sum total portion of the budget of the appraisal district
21 allocated under another provision of this section to the special
22 districts or authorities that participate in the appraisal district
23 exceeds 10 percent of the budget, the sum total portion of the
24 budget that may be allocated to those special districts or
25 authorities may not exceed 10 percent. The other provisions of this
26 section govern the allocation of:

27 (1) that portion of the budget among the special

1 districts or authorities if more than one special district or
2 authority participates in the appraisal district; and

3 (2) the remainder of the budget among the other taxing
4 units that participate in the appraisal district.

5 SECTION 9. Section 6.061, Tax Code, is amended to read as
6 follows:

7 Sec. 6.061. CHANGES IN METHOD OF FINANCING. (a) The county
8 assessor-collector who governs [~~board of directors of~~] an appraisal
9 district, by signed order [~~resolution adopted and~~] delivered to
10 each taxing unit participating in the district after June 15 and
11 before August 15, may prescribe a different method of allocating
12 the costs of operating the district unless the governing body of any
13 taxing unit that participates in the district adopts a resolution
14 opposing the different method, and files it with the county
15 assessor-collector [~~board of directors~~] before September 1. If a
16 [~~board~~] proposal is rejected, the county assessor-collector
17 [~~board~~] shall notify, in writing, each taxing unit participating in
18 the district before September 15.

19 (b) The taxing units participating in an appraisal district
20 may adopt a different method of allocating the costs of operating
21 the district if the governing bodies of three-fourths of the group
22 of taxing units composed of the municipalities, school districts,
23 and county participating in the appraisal district [~~taxing units~~
24 ~~that are entitled to vote on the appointment of board members~~] adopt
25 resolutions providing for the other method. However, a change
26 under this subsection is not valid if it requires any taxing unit to
27 pay a greater proportion of the appraisal district's costs than the

1 unit would pay under Section 6.06 [~~of this code~~] without the consent
2 of the governing body of that unit.

3 (c) An official copy of a resolution under this section must
4 be filed with the county assessor-collector [~~chief appraiser of the~~
5 ~~appraisal district~~] after April 30 and before May 15 or the
6 resolution is ineffective.

7 (d) Before May 20, the county assessor-collector [~~chief~~
8 ~~appraiser~~] shall determine whether a sufficient number of eligible
9 taxing units have filed valid resolutions proposing a change in the
10 allocation of district costs for the change to take effect. Before
11 May 25, the county assessor-collector [~~chief appraiser~~] shall
12 notify each taxing unit participating in the district of each
13 change that is adopted.

14 (e) A change in allocation of district costs made as
15 provided by this section remains in effect until changed in a manner
16 provided by this section or rescinded by resolution of a majority of
17 the governing bodies of the group of taxing units composed of the
18 municipalities, school districts, and county participating in the
19 appraisal district [~~that are entitled to vote on appointment of~~
20 ~~board members under Section 6.03 of this code~~].

21 SECTION 10. Sections 6.062(a) and (c), Tax Code, are
22 amended to read as follows:

23 (a) Not later than the 10th day before the date of the public
24 hearing at which the county assessor-collector [~~board of directors~~]
25 considers the appraisal district budget, the county
26 assessor-collector [~~chief appraiser~~] shall give notice of the
27 public hearing by publishing the notice in a newspaper having

1 general circulation in the county for which the appraisal district
2 is established. The notice may not be smaller than one-quarter page
3 of a standard-size or tabloid-size newspaper and may not be
4 published in the part of the paper in which legal notices and
5 classified advertisements appear.

6 (c) The notice must state that the appraisal district is
7 supported solely by payments from the local taxing units served by
8 the appraisal district. The notice must also contain the following
9 statement: "If approved by the county assessor-collector
10 [~~appraisal district board of directors~~] at the public hearing, this
11 proposed budget will take effect automatically unless disapproved
12 by the governing bodies of the county, school districts, and
13 municipalities [~~cities, and towns~~] served by the appraisal
14 district. A copy of the proposed budget is available for public
15 inspection in the office of each of those governing bodies."

16 SECTION 11. Section 6.063, Tax Code, is amended to read as
17 follows:

18 Sec. 6.063. FINANCIAL AUDIT. (a) At least once each year,
19 the county assessor-collector who governs [~~board of directors of~~]
20 an appraisal district shall have prepared an audit of its affairs by
21 an independent certified public accountant or a firm of independent
22 certified public accountants.

23 (b) The report of the audit is a public record. A copy of
24 the report shall be delivered to the county assessor-collector, the
25 county judge, and the presiding officer of the governing body of
26 each municipality and school district participating in the
27 appraisal district [~~taxing unit eligible to vote on the appointment~~

1 ~~of district directors]~~, and a reasonable number of copies shall be
2 available for inspection at the appraisal office.

3 SECTION 12. Sections 6.09(b) and (c), Tax Code, are amended
4 to read as follows:

5 (b) The county assessor-collector who governs an appraisal
6 district [~~board of directors]~~ shall designate as the district
7 depository the financial institution or institutions that offer the
8 most favorable terms and conditions for the handling of the
9 district's funds.

10 (c) The county assessor-collector [~~board]~~ shall solicit
11 bids to be designated as depository for the district. The
12 depository when designated shall serve for a term of two years and
13 until its successor is designated and has qualified. The county
14 assessor-collector [~~board]~~ and the depository may agree to extend a
15 depository contract for one additional two-year period.

16 SECTION 13. Sections 6.12(a) and (d), Tax Code, are amended
17 to read as follows:

18 (a) The county assessor-collector who governs an [~~chief~~
19 ~~appraiser of each]~~ appraisal district shall appoint[, ~~with the~~
20 ~~advice and consent of the board of directors,~~] an agricultural
21 advisory board composed of three or more members as determined by
22 the needs of the district [~~board]~~.

23 (d) The board shall meet at the call of the county
24 assessor-collector [~~chief appraiser]~~ at least three times a year.

25 SECTION 14. Sections 6.15(a), (b), and (c), Tax Code, are
26 amended to read as follows:

27 (a) The county assessor-collector who governs [~~A member of~~

1 ~~the board of directors of~~ an appraisal district commits an offense
2 if the county assessor-collector [~~member~~] directly or indirectly
3 communicates with the chief appraiser on any matter relating to the
4 appraisal of property by the appraisal district, except in:

5 (1) an open meeting of the county assessor-collector
6 [~~appraisal district board of directors~~] or another public forum; or

7 (2) a closed meeting of the county assessor-collector
8 [~~board of directors~~] held to consult with the county
9 assessor-collector's [~~board's~~] attorney about pending litigation,
10 at which the chief appraiser's presence is necessary for full
11 communication between the county assessor-collector [~~board~~] and
12 the county assessor-collector's [~~board's~~] attorney.

13 (b) A chief appraiser commits an offense if the chief
14 appraiser directly or indirectly communicates with the county
15 assessor-collector who governs [~~a member of the board of directors~~
16 ~~of~~] the appraisal district on any matter relating to the appraisal
17 of property by the appraisal district, except in:

18 (1) an open meeting of the county assessor-collector
19 [~~board of directors~~] or another public forum; or

20 (2) a closed meeting of the county assessor-collector
21 [~~board of directors~~] held to consult with the county
22 assessor-collector's [~~board's~~] attorney about pending litigation,
23 at which the chief appraiser's presence is necessary for full
24 communication between the county assessor-collector [~~board~~] and
25 the county assessor-collector's [~~board's~~] attorney.

26 (c) Subsections (a) and (b) do not apply to a routine
27 communication between the chief appraiser and the county

1 assessor-collector that relates to the administration of an
2 appraisal roll, including a communication made in connection with
3 the certification, correction, or collection of an account[~~7~~
4 ~~regardless of whether the county assessor-collector was appointed~~
5 ~~to the board of directors of the appraisal district or serves as a~~
6 ~~nonvoting director~~].

7 SECTION 15. Subchapter A, Chapter 6, Tax Code, is amended by
8 adding Section 6.16 to read as follows:

9 Sec. 6.16. CONTRACTS WITH TAXING UNITS. The county
10 assessor-collector who governs an appraisal district may contract
11 with the governing body of a taxing unit that participates in the
12 appraisal district to consolidate employee benefit plans, vendor
13 contracts, leases, or purchases if the consolidation will reduce
14 the costs of those items for the appraisal district and the taxing
15 unit.

16 SECTION 16. Sections 6.24(a) and (b), Tax Code, are amended
17 to read as follows:

18 (a) The governing body of a taxing unit other than a county
19 may contract as provided by Chapter 791, Government Code, for the
20 performance of duties relating to the assessment or collection of
21 taxes fur the taxing unit [~~the Interlocal Cooperation Act~~] with:

22 (1) the governing body of another taxing unit [~~or with~~
23 ~~the board of directors of an appraisal district~~] for the other unit
24 [~~or the district~~] to perform those duties; or

25 (2) the county assessor-collector who governs an
26 appraisal district for the appraisal district to perform those
27 duties [~~relating to the assessment or collection of taxes~~].

1 (b) The commissioners court of a county with the approval of
 2 the county assessor-collector may contract as provided by Chapter
 3 791, Government Code, [~~the Interlocal Cooperation Act~~] with the
 4 governing body of another taxing unit in the county [~~or with the~~
 5 ~~board of directors of the appraisal district~~] for the other unit [~~or~~
 6 ~~the district~~] to perform duties relating to the assessment or
 7 collection of taxes for the county. The commissioners court may
 8 contract as provided by Chapter 791, Government Code, with the
 9 county assessor-collector for the appraisal district established
 10 for the county to perform duties relating to the assessment or
 11 collection of taxes for the county. If a county contracts to have
 12 its taxes assessed and collected by another taxing unit or by the
 13 appraisal district, except as provided by Subsection (c), the
 14 contract shall require the other unit or the district to assess and
 15 collect all taxes the county is required to assess and collect.

16 SECTION 17. Section 6.26(f), Tax Code, is amended to read as
 17 follows:

18 (f) If a majority of the qualified voters voting on the
 19 question in the election favor the proposition, the entity or
 20 office named by the ballot shall perform the functions named by the
 21 ballot beginning with the next time property taxes are assessed or
 22 collected, as applicable, that is more than 90 days after the date
 23 of the election. If the governing bodies, [~~+~~]and the county
 24 assessor-collector who governs the appraisal district [~~board of~~
 25 ~~directors~~] when the district is involved, [~~+~~] agree, a function may
 26 be consolidated when performance of the function begins in less
 27 than 90 days after the date of the election.

1 SECTION 18. Sections 6.41(b), (d), (e), and (f), Tax Code,
2 are amended to read as follows:

3 (b) The board consists of three members. However, the
4 county assessor-collector who governs the appraisal district
5 [~~board of directors by resolution of a majority of its members~~] may
6 increase the size of the appraisal review board to the number of
7 members the county assessor-collector [~~board of directors~~]
8 considers appropriate.

9 (d) Members of the board are appointed by the county
10 assessor-collector who governs the appraisal district [~~by~~
11 ~~resolution of a majority of the appraisal district board of~~
12 ~~directors~~]. A vacancy on the board is filled in the same manner for
13 the unexpired portion of the term.

14 (e) Members of the board hold office for terms of two years
15 beginning January 1. The county assessor-collector [~~appraisal~~
16 ~~district board of directors by resolution~~] shall provide for
17 staggered terms, so that the terms of as close to one-half of the
18 members as possible expire each year. In making the initial or
19 subsequent appointments, the county assessor-collector [~~board of~~
20 ~~directors~~] shall designate those members who serve terms of one
21 year as needed to comply with this subsection.

22 (f) A member of the board may be removed from the board by
23 the county assessor-collector who governs [~~a majority vote of~~] the
24 appraisal district [~~board of directors~~]. Grounds for removal are:

25 (1) a violation of Section 6.412, 6.413, 41.66(f), or
26 41.69; or

27 (2) good cause relating to the attendance of members

1 at called meetings of the board as established by written policy
2 adopted by the county assessor-collector [~~a majority of the~~
3 ~~appraisal district board of directors~~].

4 SECTION 19. Sections 6.412(c) and (d), Tax Code, are
5 amended to read as follows:

6 (c) A person is ineligible to serve on the appraisal review
7 board if the person is the county assessor-collector [~~a member of~~
8 ~~the board of directors~~], an officer[~~r~~] or employee of the appraisal
9 district, an employee of the comptroller, or a member of the
10 governing body, an officer, or an employee of a taxing unit.

11 (d) A person is ineligible to serve on the appraisal review
12 board of an appraisal district established for a county having a
13 population of more than 100,000:

14 (1) if the person:

15 (A) has served for all or part of three previous
16 terms as a board member or auxiliary board member on the appraisal
17 review board; or

18 (B) is a former county assessor-collector who
19 governed the appraisal district or a former [~~member of the board of~~
20 ~~directors~~], officer[~~r~~] or employee of the appraisal district; [~~or~~]

21 (2) if the person served as a member of the governing
22 body or as an officer of a taxing unit for which the appraisal
23 district appraises property, until the fourth anniversary of the
24 date the person ceased to be a member or officer; or

25 (3) if the person has ever appeared before the
26 appraisal review board for compensation.

27 SECTION 20. Subchapter B, Chapter 22, Tax Code, is amended

1 by adding Section 22.31 to read as follows:

2 Sec. 22.31. NOTICE TO COMPTROLLER REGARDING COMPLIANCE WITH
3 FILING REQUIREMENT. (a) A person who owns tangible personal
4 property used for the production of income and who is audited by the
5 comptroller for any purpose shall notify the comptroller regarding
6 whether the person filed a rendition statement or property report
7 required by this chapter with the chief appraiser for the most
8 recent tax year in which the person was required to file the
9 statement or report.

10 (b) The comptroller shall forward to the chief appraiser the
11 notice received by the comptroller under Subsection (a).

12 SECTION 21. Sections 23.23(a), (b), (c), (d), and (f), Tax
13 Code, are amended to read as follows:

14 (a) The appraised value of a residence homestead for the
15 first tax year after the year in which the owner acquires the
16 property is the market value of the property. Notwithstanding
17 Section 23.01, the appraised value of the property in each
18 subsequent tax year until the end of the tax year in which the
19 ownership of the property changes shall be the sum of:

20 (1) the appraised value of the property for the
21 preceding tax year as adjusted for the current tax year to reflect
22 the change from the preceding tax year in the purchasing power of
23 the dollar for consumers in this state; and

24 (2) the market value of all new improvements to the
25 property ~~[Notwithstanding the requirements of Section 25.18 and~~
26 ~~regardless of whether the appraisal office has appraised the~~
27 ~~property and determined the market value of the property for the tax~~

1 ~~year, an appraisal office may increase the appraised value of a~~
2 ~~residence homestead for a tax year to an amount not to exceed the~~
3 ~~lesser of:~~

4 ~~[(1) the market value of the property for the most~~
5 ~~recent tax year that the market value was determined by the~~
6 ~~appraisal office; or~~

7 ~~[(2) the sum of:~~

8 ~~[(A) 10 percent of the appraised value of the~~
9 ~~property for the preceding tax year;~~

10 ~~[(B) the appraised value of the property for the~~
11 ~~preceding tax year; and~~

12 ~~[(C) the market value of all new improvements to~~
13 ~~the property].~~

14 (b) For each tax year, using regional indexes that the
15 comptroller considers to most accurately report changes in the
16 purchasing power of the dollar for consumers in this state, the
17 comptroller shall determine and publicize the percentage by which
18 the appraised value of residence homesteads may be increased under
19 Subsection (a)(1). The tax assessor-collector shall use the
20 percentage determined by the comptroller under this subsection to
21 determine the maximum appraised valued under Subsection (a) of
22 residence homesteads appraised by that chief appraiser [~~When~~
23 ~~appraising a residence homestead, the chief appraiser shall:~~

24 ~~[(1) appraise the property at its market value; and~~

25 ~~[(2) include in the appraisal records both the market~~
26 ~~value of the property and the amount computed under Subsection~~
27 ~~(a)(2)].~~

1 (c) When appraising a residence homestead, the chief
2 appraiser shall:

3 (1) determine the market value of the property; and

4 (2) include in the appraisal records both the market
5 value of the property and the maximum appraised value of the
6 property calculated under Subsection (a) [The limitation provided
7 by Subsection (a) takes effect as to a residence homestead on
8 January 1 of the tax year following the first tax year the owner
9 qualifies the property for an exemption under Section 11.13. The
10 limitation expires on January 1 of the first tax year that neither
11 the owner of the property when the limitation took effect nor the
12 owner's spouse or surviving spouse qualifies for an exemption under
13 Section 11.13].

14 (d) This section does not apply to property appraised under
15 Subchapter C, D, E, F, ~~[or]~~ G, or H.

16 (f) For purposes of this section, the owner of a residence
17 homestead on January 1, 2010, is considered to have acquired the
18 property in the 2009 tax year [Notwithstanding Subsections (a) and
19 (e) and except as provided by Subdivision (2), an improvement to
20 property that would otherwise constitute a new improvement is not
21 treated as a new improvement if the improvement is a replacement
22 structure for a structure that was rendered uninhabitable or
23 unusable by a casualty or by mold or water damage. For purposes of
24 appraising the property in the tax year in which the structure would
25 have constituted a new improvement:

26 ~~[(1) the last year in which the property was appraised~~
27 ~~for taxation before the casualty or damage occurred is considered~~

1 ~~to be the last year in which the property was appraised for taxation~~
2 ~~for purposes of Subsection (a)(2)(A); and~~

3 ~~[(2) the replacement structure is considered to be a~~
4 ~~new improvement only to the extent it is a significant improvement~~
5 ~~over the replaced structure as that structure existed before the~~
6 ~~casualty or damage occurred].~~

7 SECTION 22. Section 23.55(n), Tax Code, is amended to read
8 as follows:

9 (n) Within one year of the conclusion of the two fiscal
10 bienniums for which the comptroller issued a letter as provided
11 under Subsection (m), the county assessor-collector who governs
12 ~~[board of directors of]~~ the appraisal district~~[, by official board~~
13 ~~action,]~~ may direct the chief appraiser to request the comptroller
14 to determine if the amount of revenues was equal to or exceeded 20
15 times the amount of taxes and interest that would have been imposed
16 under Subsection (a). The comptroller shall issue a finding as to
17 whether the amount of revenue met the projected increases. The
18 chief appraiser shall review the results of the comptroller's
19 finding and shall make a determination as to whether sanctions
20 under Subsection (a) should be imposed. If the chief appraiser
21 determines that the sanctions provided by Subsection (a) shall be
22 imposed, the sanctions shall be based on the date of the transfer of
23 the property under Subsection (f)(4).

24 SECTION 23. Section 25.01(b), Tax Code, is amended to read
25 as follows:

26 (b) The county assessor-collector who governs the appraisal
27 district ~~[chief appraiser with the approval of the board of~~

1 ~~directors of the district]~~ may contract with a private appraisal
2 firm to perform appraisal services for the district, subject to the
3 county assessor-collector's ~~[his]~~ approval. A contract for private
4 appraisal services is void if the amount of compensation to be paid
5 the private appraisal firm is contingent on the amount of or
6 increase in appraised, assessed, or taxable value of property
7 appraised by the appraisal firm.

8 SECTION 24. Sections 25.18(a) and (b), Tax Code, are
9 amended to read as follows:

10 (a) Each appraisal office shall implement the plan for
11 periodic reappraisal of property approved by the county
12 assessor-collector ~~[board of directors]~~ under Section 6.05(1)
13 ~~[6.05(i)]~~.

14 (b) The plan shall provide for the following reappraisal
15 activities for all residence homesteads in the district in the same
16 year once every 10 years and for all other real and personal
17 property in the district at least once every three years:

18 (1) identifying properties to be appraised through
19 physical inspection or by other reliable means of identification,
20 including deeds or other legal documentation, aerial photographs,
21 land-based photographs, surveys, maps, and property sketches;

22 (2) identifying and updating relevant characteristics
23 of each property in the appraisal records;

24 (3) defining market areas in the district;

25 (4) identifying property characteristics that affect
26 property value in each market area, including:

27 (A) the location and market area of property;

1 (B) physical attributes of property, such as
2 size, age, and condition;

3 (C) legal and economic attributes; and

4 (D) easements, covenants, leases, reservations,
5 contracts, declarations, special assessments, ordinances, or legal
6 restrictions;

7 (5) developing an appraisal model that reflects the
8 relationship among the property characteristics affecting value in
9 each market area and determines the contribution of individual
10 property characteristics;

11 (6) applying the conclusions reflected in the model to
12 the characteristics of the properties being appraised; and

13 (7) reviewing the appraisal results to determine
14 value.

15 SECTION 25. Section 25.19(e), Tax Code, is amended to read
16 as follows:

17 (e) The chief appraiser, with the approval of the county
18 assessor-collector who governs the appraisal district [~~appraisal~~
19 ~~district board of directors~~], may dispense with the notice required
20 by Subsection (a)(1) if the amount of increase in appraised value is
21 \$1,000 or less.

22 SECTION 26. Section 25.25(b), Tax Code, is amended to read
23 as follows:

24 (b) The chief appraiser may change the appraisal roll at any
25 time to correct a name or address, a determination of ownership, a
26 description of property, multiple appraisals of a property, or a
27 clerical error or other inaccuracy as prescribed by board rule that

1 does not increase the amount of tax liability. Before the 10th day
2 after the end of each calendar quarter, the chief appraiser shall
3 submit to the appraisal review board and to the county
4 assessor-collector who governs [~~board of directors of~~] the
5 appraisal district a written report of each change made under this
6 subsection that decreases the tax liability of the owner of the
7 property. The report must include:

- 8 (1) a description of each property; and
- 9 (2) the name of the owner of that property.

10 SECTION 27. Section 41.66(g), Tax Code, is amended to read
11 as follows:

12 (g) At the beginning of a hearing on a protest, each member
13 of the appraisal review board hearing the protest must sign an
14 affidavit stating that the board member has not communicated with
15 another person in violation of Subsection (f). If a board member
16 has communicated with another person in violation of Subsection
17 (f), the member must be recused from the proceeding and may not
18 hear, deliberate on, or vote on the determination of the protest.
19 The county assessor-collector who governs [~~board of directors of~~]
20 the appraisal district shall adopt and implement a policy
21 concerning the temporary replacement of an appraisal review board
22 member who has communicated with another person in violation of
23 Subsection (f).

24 SECTION 28. Section 42.02, Tax Code, is amended by amending
25 Subsections (a) and (c) and adding Subsection (d) to read as
26 follows:

27 (a) The [~~On written approval of the board of directors of~~

1 ~~the appraisal district, the~~] chief appraiser is entitled to appeal
2 an order of the appraisal review board determining:

3 (1) a taxpayer protest as provided by Subchapter C,
4 Chapter 41, subject to Subsection (b); or

5 (2) a taxpayer's motion to change the appraisal roll
6 filed under Section 25.25.

7 (c) The [~~On written approval of the board of directors of~~
8 ~~the appraisal district, the~~] chief appraiser may appeal an order of
9 the appraisal review board determining a taxpayer protest otherwise
10 prohibited by Subsection (b)[~~7~~] if the chief appraiser alleges that
11 the taxpayer or a person acting on behalf of the taxpayer committed
12 fraud, made a material misrepresentation, or presented fraudulent
13 evidence in the hearing before the board. In an appeal under this
14 subsection, the court shall first consider whether the taxpayer or
15 a person acting on behalf of the taxpayer committed fraud, made a
16 material misrepresentation, or presented fraudulent evidence to
17 the appraisal review board. If the court does not find by a
18 preponderance of the evidence that the taxpayer or a person acting
19 on behalf of the taxpayer committed fraud, made a material
20 misrepresentation, or presented fraudulent evidence to the
21 appraisal review board, the court shall:

22 (1) dismiss the appeal; and

23 (2) award court costs and reasonable attorney's fees
24 to the taxpayer.

25 (d) The county assessor-collector must approve an appeal
26 under this section in writing.

27 SECTION 29. Subchapter Z, Chapter 152, Local Government

1 Code, is amended by adding Section 152.908 to read as follows:

2 Sec. 152.908. COMPENSATION OF COUNTY TAX
3 ASSESSOR-COLLECTOR. In setting the amount of the compensation of
4 the county tax assessor-collector, the commissioners court of the
5 county may not take into account the compensation the county tax
6 assessor-collector receives for administering the appraisal
7 district established for the county.

8 SECTION 30. Section 1151.004(a), Occupations Code, is
9 amended to read as follows:

10 (a) A county assessor-collector [~~An appraisal district~~
11 ~~board of directors~~] or a governing body may not, as a necessity for
12 employment, require an appraiser, assessor, or collector to:

- 13 (1) act in an unprofessional manner; or
14 (2) violate this chapter.

15 SECTION 31. The heading to Section 1151.151, Occupations
16 Code, is amended to read as follows:

17 Sec. 1151.151. REGISTRATION REQUIRED; EXEMPTIONS
18 [~~EXEMPTION~~].

19 SECTION 32. Section 1151.151, Occupations Code, is amended
20 by amending Subsection (b) and adding Subsections (c) and (d) to
21 read as follows:

22 (b) A county assessor-collector is not required to register
23 with the board as an assessor, assessor-collector, or collector if
24 the county, by contract entered into under Section 6.24(b), Tax
25 Code, has its taxes assessed and collected by another taxing unit
26 [~~or an appraisal district~~].

27 (c) A county assessor-collector is not required to register

1 with the board as an appraiser if the duties of the appraisal office
2 for the appraisal district established for the county are performed
3 by another appraisal district or by a taxing unit under a contract
4 authorized by Section 6.05(b), Tax Code.

5 (d) The exemption under Subsection (c) exists only while a
6 contract under Section 6.05(b), Tax Code, is in effect.

7 SECTION 33. The following provisions of the Tax Code are
8 repealed:

- 9 (1) Section 6.031;
- 10 (2) Section 6.033;
- 11 (3) Section 6.034;
- 12 (4) Section 6.036;
- 13 (5) Section 6.037;
- 14 (6) Section 6.04;
- 15 (7) Section 6.052;
- 16 (8) Section 6.10; and
- 17 (9) Section 31.03(c).

18 SECTION 34. (a) On the effective date of this Act, the tax
19 assessor-collector of each county begins to govern the appraisal
20 district established for that county and begins to serve as the
21 chief appraiser of the appraisal district, and the board of
22 directors of each appraisal district ceases to exist. On that date,
23 the appraisal district as governed by the county tax
24 assessor-collector succeeds to all the rights, duties, privileges,
25 property, obligations, and liabilities of the appraisal district as
26 governed by the board of directors.

27 (b) A measure taken or adopted by an appraisal district

1 board of directors before the effective date of this Act that is in
2 effect on the effective date continues in effect after the
3 effective date of this Act until superseded by a measure taken or
4 adopted by the county tax assessor-collector governing the
5 district.

6 (c) The amendment by this Act of Section 6.41, Tax Code,
7 does not affect the term of a member of an appraisal review board
8 appointed before the effective date of this Act.

9 SECTION 35. This Act takes effect January 1, 2010, but only
10 if the constitutional amendment proposed by the 81st Legislature,
11 Regular Session, 2009, authorizing the legislature to limit
12 increases in the appraised value of a residence homestead for ad
13 valorem tax purposes based on the inflation rate and to limit the
14 frequency of reappraisals of residence homesteads is approved by
15 the voters. If that amendment is not approved by the voters, this
16 Act has no effect.