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S.B. No. 20

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. CONSOLIDATED APPRAISAL REVIEW BOARDS

SECTION 1.01. Section 6.41, Tax Code, is amended by adding Subsections (g) and (h) to read as follows:

(g) Subsection (a) does not preclude the boards of directors of two or more adjoining appraisal districts from providing for the operation of a consolidated appraisal review board by interlocal contract.

(h) When adjoining appraisal districts by interlocal contract have provided for the operation of a consolidated appraisal review board:

(1) a reference in this or another section of this code to the appraisal district means the adjoining appraisal districts;

(2) a reference in this or another section of this code to the appraisal district board of directors means the boards of directors of the adjoining appraisal districts;

(3) a provision of this code that applies to an appraisal review board also applies to the consolidated appraisal review board; and

(4) a reference in this code to the appraisal review board shall be construed to also refer to the consolidated appraisal review board.

1 SECTION 1.02. This article takes effect only if the
2 constitutional amendment proposed by the 81st Legislature, Regular
3 Session, 2009, authorizing the legislature to authorize a single
4 board of equalization for two or more adjoining appraisal entities
5 that elect to provide for consolidated equalizations is approved by
6 the voters. If that amendment is not approved by the voters, this
7 article has no effect.

8 ARTICLE 2. APPRAISAL OF RESIDENCE HOMESTEADS

9 SECTION 2.01. Section 23.01, Tax Code, is amended by adding
10 Subsection (c) to read as follows:

11 (c) The market value of a residence homestead shall be
12 determined solely on the basis of the property's value as a
13 residence homestead, regardless of whether the residential use of
14 the property by the owner is considered to be the highest and best
15 use of the property.

16 SECTION 2.02. (a) Subject to Subsection (b) of this
17 section, this article takes effect only if the constitutional
18 amendment proposed by the 81st Legislature, Regular Session, 2009,
19 authorizing the legislature to provide for the ad valorem taxation
20 of a residence homestead solely on the basis of the property's value
21 as a residence homestead is approved by the voters. If that
22 amendment is not approved by the voters, this article has no effect.

23 (b) This article takes effect only if a specific
24 appropriation to the Texas Education Agency is included in Senate
25 Bill No. 1 (General Appropriations Act), Acts of the 81st
26 Legislature, Regular Session, 2009, intended to offset the cost to
27 the Foundation School Program resulting from the implementation of

1 this article.

2 ARTICLE 3. TAXPAYER OMBUDSMAN

3 SECTION 3.01. Subsection (d), Section 6.04, Tax Code, is
4 amended to read as follows:

5 (d) The board shall develop and implement policies that
6 provide the public with reasonable opportunity to appear before the
7 board to speak on any issue under the jurisdiction of the board.
8 Reasonable time shall be provided during each board meeting for
9 public comment on appraisal district and appraisal review board
10 policies and procedures, and a report from the taxpayer ombudsman
11 [~~liaison officer~~] if one is required by Section 6.052.

12 SECTION 3.02. Section 6.052, Tax Code, is amended to read as
13 follows:

14 Sec. 6.052. TAXPAYER OMBUDSMAN [~~LIAISON OFFICER~~]. (a) The
15 board of directors for an appraisal district created for a county
16 with a population of more than 50,000 [~~125,000~~] shall appoint a
17 taxpayer ombudsman [~~liaison officer~~] who shall serve at the
18 pleasure of the board. The taxpayer ombudsman [~~liaison officer~~]
19 shall administer the public access functions required by Sections
20 6.04(d), (e), and (f), and is responsible for resolving disputes
21 not involving matters that may be protested under Section 41.41.

22 (b) The taxpayer ombudsman shall [~~liaison officer may~~]
23 provide information and materials designed to assist property
24 owners in understanding the appraisal process, protest procedures,
25 and related matters.

26 (c) The taxpayer ombudsman [~~liaison officer~~] shall report
27 to the board at each meeting on the status of all complaints filed

1 with the board under Section 6.04(g).

2 (d) The taxpayer ombudsman [~~liaison officer~~] is entitled to
3 compensation as provided by the budget adopted by the board of
4 directors.

5 (d-1) The appraisal review board shall provide the taxpayer
6 ombudsman with the contact information of each property owner who
7 files a notice of protest under Chapter 41 with the board. On
8 receipt of the information, the taxpayer ombudsman shall contact
9 the property owner to inform the property owner of the services
10 provided by the ombudsman and provide the business address and
11 telephone number of the ombudsman.

12 (e) The chief appraiser or any other person who performs
13 appraisal services for the appraisal district for compensation is
14 not eligible to be the taxpayer ombudsman [~~liaison officer~~] for the
15 appraisal district.

16 ARTICLE 4. STUDIES CONDUCTED BY COMPTROLLER

17 SECTION 4.01. Subdivisions (1), (2), and (4), Section
18 403.3011, Government Code, are amended to read as follows:

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

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

23 (A) in the most recent [~~annual~~] study, the local
24 value is invalid under Section 403.302(c) and does not exceed the
25 state value for the school district determined in the [~~annual~~]
26 study;

27 (B) in the two studies [~~annual study for each of~~

1 ~~the two years~~] preceding the most recent [~~annual~~] study, the school
2 district's local value was valid under Section 403.302(c); ~~and~~

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

9 (D) the appraisal district that appraises
10 property for the school district was in compliance with the scoring
11 requirement of the comptroller's most recent review of the
12 appraisal district conducted under Section 5.102, Tax Code.

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

15 SECTION 4.02. Section 403.302, Government Code, is amended
16 by amending Subsections (a), (c), (c-1), (f), (h), (i), and (l) and
17 adding Subsections (a-1), (a-2), (m), (n), and (o) to read as
18 follows:

19 (a) The comptroller shall conduct a a [~~an annual~~] study using
20 comparable sales and generally accepted auditing and sampling
21 techniques to determine the total taxable value of all property in
22 each school district. The study shall determine the taxable value
23 of all property and of each category of property in the district and
24 the productivity value of all land that qualifies for appraisal on
25 the basis of its productive capacity and for which the owner has
26 applied for and received a productivity appraisal. The comptroller
27 shall make appropriate adjustments in the study to account for

1 actions taken under Chapter 41, Education Code.

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

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

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

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

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

26 (c-1) This subsection applies only to a school district
27 whose central administrative office is located in a county with a

1 population of 9,000 or less and a total area of more than 6,000
2 square miles. If after conducting the [~~annual~~] study for a tax
3 year the comptroller determines that the local value for a school
4 district is not valid, the comptroller shall adjust the taxable
5 value determined under Subsections (a) and (b) as follows:

6 (1) for each category of property sampled and tested
7 by the comptroller in the school district, the comptroller shall
8 use the weighted mean appraisal ratio determined by the study,
9 unless the ratio is more than four percentage points lower than the
10 weighted mean appraisal ratio determined by the comptroller for
11 that category of property in the immediately preceding study, in
12 which case the comptroller shall use the weighted mean appraisal
13 ratio determined in the immediately preceding study minus four
14 percentage points;

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

19 (3) the value estimates established under Subdivision
20 (2), together with the local tax roll value for any categories not
21 sampled and tested by the comptroller, less total deductions
22 determined by the comptroller, determine the taxable value for the
23 school district.

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

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

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

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

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

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

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

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

3 (1) one member of the house of representatives,
4 appointed by the speaker of the house of representatives;

5 (2) one member of the senate, appointed by the
6 lieutenant governor;

7 (3) two members who represent appraisal districts,
8 appointed by the comptroller;

9 (4) two members who represent school districts,
10 appointed by the comptroller; and

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

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

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

20 SECTION 4.03. The heading to Section 403.304, Government
21 Code, is amended to read as follows:

22 Sec. 403.304. COOPERATION WITH COMPTROLLER;
23 CONFIDENTIALITY.

24 SECTION 4.04. Section 403.304, Government Code, is amended
25 by amending Subsection (a) and adding Subsection (a-1) to read as
26 follows:

27 (a) A school district, appraisal district, or other

1 governmental entity in this state shall promptly comply with an
2 oral or written request from the comptroller for information to be
3 used in conducting a study, including information that is made
4 confidential by Chapter 552 of this code, Section 22.27, Tax Code,
5 or another law of this state.

6 (a-1) All information the comptroller obtains from a
7 person, other than a government or governmental subdivision or
8 agency, under an assurance that the information will be kept
9 confidential, in the course of conducting a study [~~of school~~
10 ~~district values~~] is confidential and may not be disclosed except as
11 provided in Subsection (b).

12 SECTION 4.05. Subsection (c), Section 5.07, Tax Code, is
13 amended to read as follows:

14 (c) The comptroller shall also prescribe a uniform record
15 system to be used by all appraisal districts for the purpose of
16 submitting data to be used in the [~~annual~~] studies required by
17 Section 5.10 of this code and by Section 403.302, Government Code.
18 The record system shall include a compilation of information
19 concerning sales of real property within the boundaries of the
20 appraisal district. The sales information maintained in the
21 uniform record system shall be submitted annually in a form
22 prescribed by the comptroller.

23 SECTION 4.06. Subsection (a), Section 5.10, Tax Code, is
24 amended to read as follows:

25 (a) At least once every two years, the [~~The~~] comptroller
26 shall conduct a [~~an annual~~] study in each appraisal district to
27 determine the degree of uniformity of and the median level of

1 appraisals by the appraisal district within each major category of
2 property. The comptroller shall publish a report of the findings of
3 the study, including in the report the median levels of appraisal
4 for each major category of property, the coefficient of dispersion
5 around the median level of appraisal for each major category of
6 property, and any other standard statistical measures that the
7 comptroller considers appropriate. In conducting the study, the
8 comptroller shall apply appropriate standard statistical analysis
9 techniques to data collected as part of the [~~annual~~] study of school
10 district taxable values required by Section 403.302, Government
11 Code.

12 SECTION 4.07. Section 5.102, Tax Code, is amended to read as
13 follows:

14 Sec. 5.102. REVIEW OF APPRAISAL DISTRICTS [~~STANDARDS~~].

15 (a) At least once every two years, the [~~The~~] comptroller shall
16 review the governance of each appraisal district, taxpayer
17 assistance provided, and the operating and appraisal standards,
18 procedures, and methodology used by each appraisal district [~~that~~
19 ~~appraises property for an eligible school district as defined by~~
20 ~~Section 403.3011, Government Code,~~] to determine compliance with
21 generally accepted [~~appraisal~~] standards, procedures, and
22 methodology [~~and practices~~]. After consultation with the advisory
23 committee created under Section 403.302, Government Code, the [~~The~~]
24 comptroller by rule may establish procedures and standards for
25 conducting and scoring the review.

26 (b) In conducting the review, the comptroller is entitled to
27 access to all records and reports of the appraisal district, to copy

1 or print any record or report of the appraisal district, and to the
2 assistance of the appraisal district's officers and employees.

3 (c) At the conclusion of the review, the comptroller shall,
4 in writing, notify the appraisal district concerning its
5 performance in the review. If the review results in a finding that
6 an appraisal district is not in compliance with generally accepted
7 ~~[appraisal]~~ standards, procedures, and methodology ~~[and~~
8 ~~practices]~~, the comptroller shall deliver a report that details the
9 comptroller's findings and recommendations for improvement to:

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

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

14 (d) If the appraisal district fails to comply with the
15 recommendations in the report and the comptroller finds that the
16 board of directors of the appraisal district failed to take
17 remedial action reasonably designed to ensure substantial
18 compliance with each recommendation in the report before the first
19 anniversary of the date the report was issued, the comptroller
20 shall notify the Board of Tax Professional Examiners, or a
21 successor to the board, which shall take action necessary to ensure
22 that the recommendations in the report are implemented as soon as
23 practicable ~~[judge of each district court in the county for which~~
24 ~~the appraisal district is established, who shall appoint a board of~~
25 ~~conservators consisting of five members to implement the~~
26 ~~recommendations. The board of conservators shall exercise~~
27 ~~supervision and control over the operations of the appraisal~~

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

7 (e) Before February 1 of the year following the year in
8 which the Board of Tax Professional Examiners, or its successor,
9 takes action under Subsection (d), and with the assistance of the
10 comptroller, the board shall determine whether the recommendations
11 in the most recent report have been substantially implemented. The
12 presiding officer of the board shall notify the chief appraiser and
13 the board of directors of the appraisal district in writing of the
14 board's determination.

15 SECTION 4.08. Subsections (a), (d), and (e), Section 5.12,
16 Tax Code, are amended to read as follows:

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

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 less than 0.75;

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
3 exceeds 0.30; or

4 (3) the difference between the median levels of
5 appraisal for any two classes of property in the district for which
6 the comptroller determines a median level of appraisal is more than
7 0.45.

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

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

16 (2) the coefficient of dispersion around the overall
17 median level of appraisal of the properties used to determine the
18 overall median level of appraisal for all property in the district
19 for which the comptroller determines a median level of appraisal is
20 less than 0.15; and

21 (3) the difference between the highest and lowest
22 median levels of appraisal in the district for the classes of
23 property for which the comptroller determines a median level of
24 appraisal is less than 0.20.

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

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

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

9 (3) during a year in which the comptroller is
10 conducting a review of the district under Section 5.102.

11 SECTION 4.09. Subsection (a), Section 5.13, Tax Code, is
12 amended to read as follows:

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

20 SECTION 4.10. Section 41A.12, Tax Code, is amended to read
21 as follows:

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

26 SECTION 4.11. Section 5.101 and Subsection (g), Section
27 5.12, Tax Code, are repealed.

1 SECTION 4.12. As soon as possible after the effective date
2 of this Act, the speaker of the house of representatives,
3 lieutenant governor, and comptroller of public accounts shall
4 appoint members to the Comptroller's Property Value Study Advisory
5 Committee in accordance with Subsection (m), Section 403.302,
6 Government Code, as added by this Act.

7 SECTION 4.13. The change in law made by this article applies
8 only to a study conducted under Section 5.10, Tax Code, or Section
9 403.302, Government Code, or a review conducted under Section
10 5.102, Tax Code, for a year that begins on or after January 1, 2009.
11 A study or review for a year that began before that date is covered
12 by the law in effect immediately before the effective date of this
13 Act, and the former law is continued in effect for that purpose.

14 ARTICLE 5. STUDY REGARDING CIRCUIT BREAKER PROGRAMS

15 SECTION 5.01. (a) In this section, "circuit breaker
16 program" means a program that limits the amount of ad valorem taxes
17 that may be imposed on a residence homestead based on the owner's
18 annual income.

19 (b) The comptroller of public accounts shall conduct a study
20 to examine circuit breaker programs.

21 (c) Before collecting information for purposes of the study,
22 the comptroller of public accounts shall establish an advisory
23 committee to assist the comptroller in conducting the study. The
24 advisory committee must be composed of representatives of:

- 25 (1) school districts and other taxing units;
- 26 (2) home builders;
- 27 (3) real estate agents;

1 (4) mortgage lenders;

2 (5) financial agencies involved in mortgage markets;

3 (6) organizations interested in housing for
4 low-income and moderate-income households;

5 (7) organizations interested in the effect of ad
6 valorem taxes on low-income and moderate-income households;

7 (8) organizations interested in the effect of public
8 policy on low-income and moderate-income households; and

9 (9) other appropriate, interested organizations or
10 members of the public, as determined by the comptroller.

11 (d) The comptroller of public accounts, with the assistance
12 of the advisory committee, shall study:

13 (1) methods to implement a circuit breaker program,
14 including the use of rebates or tax credits;

15 (2) methods to create a simple, transparent process
16 for the owner of a residence homestead to apply for and receive a
17 limitation on the amount of ad valorem taxes that may be imposed on
18 the homestead under a circuit breaker program;

19 (3) the effects of different designs of a circuit
20 breaker program, including the effect of:

21 (A) limiting which taxing units are involved;

22 (B) basing eligibility on a maximum annual income
23 level;

24 (C) limiting the dollar amount of the benefit
25 that a property owner could receive in the program; and

26 (D) basing eligibility on a minimum ratio of
27 residence homestead ad valorem taxes imposed to annual income,

1 including a progressive scale of minimum ratios based on annual
2 income; and

3 (4) methods to ensure the reliability of a property
4 owner's statement of annual income.

5 (e) The comptroller of public accounts and the advisory
6 committee shall analyze the information studied and prepare a
7 report that:

8 (1) describes the parameters, techniques, and legal
9 assumptions established under Subsection (d) of this section that
10 were used in conducting the study;

11 (2) estimates the benefit of alternative designs of a
12 circuit breaker program for property owners in various annual
13 income brackets and with varying amounts of residence homestead ad
14 valorem tax liability, including an estimate of the percentage of
15 property owners in various annual income brackets that would
16 benefit and the dollar amount of the benefit to those property
17 owners;

18 (3) estimates the cost to the state and taxing units of
19 implementing alternative designs of a circuit breaker program,
20 including the percentage by which the amount of ad valorem taxes
21 collected would be reduced;

22 (4) analyzes the effects on this state's economy of
23 implementing a circuit breaker program, including the effect on
24 home ownership rates, the residential housing market, and economic
25 development; and

26 (5) specifies any necessary statutory changes the
27 comptroller and the advisory committee determine are necessary to

1 implement a circuit breaker program described by the study.

2 (f) The comptroller of public accounts may contract with
3 appraisal districts, taxing units, or other appropriate
4 organizations for assistance and to obtain information necessary to
5 conduct the study. A state agency, appraisal district, or taxing
6 unit shall assist the comptroller if the comptroller requests
7 information or assistance in conducting the study.

8 (g) Not later than December 1, 2010, the comptroller of
9 public accounts shall submit to the governor, lieutenant governor,
10 and speaker of the house of representatives the report prepared
11 under Subsection (e) of this section.

12 SECTION 5.02. This article expires September 1, 2011.

13 SECTION 5.03. This article takes effect September 1, 2009.

14 ARTICLE 6. SETTING OF SCHOOL DISTRICT TAX RATES

15 SECTION 6.01. Section 26.04, Tax Code, is amended by adding
16 Subsection (d-1) to read as follows:

17 (d-1) This subsection applies only to a school district.
18 Notwithstanding Subsections (a), (b), and (c), on receipt of the
19 estimate of the taxable value of property in the district under
20 Section 26.01(e):

21 (1) the assessor for the district shall:

22 (A) determine an estimate of the values specified
23 in Subsection (a) for the district using the estimated value
24 provided under Section 26.01(e); and

25 (B) submit an appraisal roll to the governing
26 body of the district showing an estimate of each item of information
27 specified by Subsection (b), using the estimated values provided

1 under Section 26.01(e) and determined under Paragraph (A); and

2 (2) an officer or employee designated by the governing
3 body of the school district shall calculate the effective tax rate
4 and the rollback tax rate for the district using the estimates
5 described by Subdivision (1).

6 SECTION 6.02. Section 26.05, Tax Code, is amended by adding
7 Subsection (a-1) to read as follows:

8 (a-1) This subsection applies only to a school district.
9 The governing body of the school district shall adopt a tax rate for
10 the current tax year before the later of September 30 or the 60th
11 day after the date the estimate of the taxable value of property in
12 the district is received under Section 26.01(e) using the values
13 estimated under that section and Section 26.04(d-1).

14 ARTICLE 7. COMMUNICATIONS WITH APPRAISAL REVIEW BOARD MEMBERS

15 SECTION 7.01. Subsection (c), Section 6.411, Tax Code, is
16 amended to read as follows:

17 (c) Except for communications described by Section
18 41.66(f)(3), this [~~This~~] section does not apply to communications
19 that do not discuss the specific evidence, argument, facts, merits,
20 or property involved in a hearing currently pending before the
21 appraisal review board or to communications between the board and
22 its legal counsel.

23 SECTION 7.02. Subsection (f), Section 41.66, Tax Code, is
24 amended to read as follows:

25 (f) A member of the appraisal review board may not
26 communicate with another person concerning:

27 (1) the evidence, argument, facts, merits, or any

1 other matters related to an owner's protest, except during the
2 hearing on the protest; [~~or~~]

3 (2) a property that is the subject of the protest,
4 except during a hearing on another protest or other proceeding
5 before the board at which the property is compared to other property
6 or used in a sample of properties; or

7 (3) a factual or hypothetical situation that is
8 substantially similar to a situation that is the subject of the
9 protest, except during the hearing on the protest.

10 SECTION 7.03. (a) The change in law made by this article
11 applies only to an offense committed on or after the effective date
12 of this article. For purposes of this section, an offense is
13 committed before the effective date of this article if any element
14 of the offense occurs before that date.

15 (b) An offense committed before the effective date of this
16 article is covered by the law in effect when the offense was
17 committed, and the former law is continued in effect for that
18 purpose.

19 ARTICLE 8. RESTRICTION ON AUTHORITY OF APPRAISAL REVIEW BOARD TO
20 RETAIN LEGAL COUNSEL

21 SECTION 8.01. Section 6.43, Tax Code, is amended to read as
22 follows:

23 Sec. 6.43. PERSONNEL. (a) The appraisal review board may
24 employ legal counsel as provided by the district budget or use the
25 services of the county attorney and may use the staff of the
26 appraisal office for clerical assistance.

27 (b) The appraisal review board may not employ or retain a

1 person to serve as legal counsel for the board if the person serves
2 as legal counsel for the appraisal district or chief appraiser.
3 This subsection does not prevent the appraisal review board from
4 using the services of the county attorney as authorized by
5 Subsection (a).

6 ARTICLE 9. PILOT PROGRAM IN CERTAIN COUNTIES

7 SECTION 9.01. Chapter 2003, Government Code, is amended by
8 adding Subchapter Z to read as follows:

9 SUBCHAPTER Z. PILOT PROGRAM: APPEALS FROM APPRAISAL REVIEW BOARD

10 DETERMINATIONS IN CERTAIN COUNTIES

11 Sec. 2003.901. PILOT PROGRAM. (a) Not later than January
12 1, 2010, the office shall develop a pilot program under which, as an
13 alternative to filing an appeal under Section 42.01, Tax Code, a
14 property owner may appeal to the office an appraisal review board
15 order determining a protest concerning the appraised or market
16 value of property brought under Section 41.41(a)(1) or (2), Tax
17 Code, if the appraised or market value, as applicable, of the
18 property that was the subject of the protest, as determined by the
19 board order, is more than \$1 million.

20 (b) The pilot program shall be developed and implemented in
21 conformance with the provisions of this subchapter.

22 Sec. 2003.902. COUNTIES INCLUDED. The pilot program shall
23 be implemented in Bexar, Dallas, El Paso, Harris, Tarrant, and
24 Travis Counties for a three-year period beginning with the ad
25 valorem tax year that begins January 1, 2010.

26 Sec. 2003.903. APPLICABILITY TO REAL AND PERSONAL PROPERTY.
27 The pilot program must be applicable to a determination of the

1 appraised or market value made by an appraisal review board in
2 connection with real or personal property, other than industrial
3 property or minerals.

4 Sec. 2003.904. EDUCATION AND TRAINING OF ADMINISTRATIVE LAW
5 JUDGES. (a) An administrative law judge assigned to hear an
6 appeal brought under this subchapter must have knowledge of:

7 (1) each of the appraisal methods a chief appraiser
8 may use to determine the appraised value or the market value of
9 property under Chapter 23, Tax Code; and

10 (2) the proper method for determining an appeal of a
11 protest, including a protest brought on the ground of unequal
12 appraisal.

13 (b) An administrative law judge is entitled to attend one or
14 more training and education courses under Sections 5.04 and 5.041,
15 Tax Code, to receive a copy of the materials used in a course, or
16 both, without charge.

17 Sec. 2003.905. NOTICE OF APPEAL TO OFFICE. (a) To appeal
18 an appraisal review board order to the office under this
19 subchapter, a property owner must file with the chief appraiser of
20 the appraisal district not later than the 15th day after the date
21 the property owner receives notice of the order:

22 (1) a completed notice of appeal to the office in the
23 form prescribed by Section 2003.906; and

24 (2) a filing fee in the amount of \$300, made payable to
25 the office.

26 (b) As soon as practicable after receipt of a notice of
27 appeal, the chief appraiser for the appraisal district shall:

1 (1) indicate, where appropriate, those entries in the
2 records that are subject to the appeal;

3 (2) submit the notice of appeal and filing fee to the
4 office; and

5 (3) request the appointment of a qualified
6 administrative law judge to hear the appeal.

7 Sec. 2003.906. CONTENTS OF NOTICE OF APPEAL. The chief
8 administrative law judge by rule shall prescribe the form of a
9 notice of appeal under this subchapter. The form must require the
10 property owner to provide:

11 (1) a copy of the order of the appraisal review board;

12 (2) a brief statement that explains the basis for the
13 property owner's appeal of the order; and

14 (3) a statement of the property owner's opinion of the
15 appraised or market value, as applicable, of the property that is
16 the subject of the appeal.

17 Sec. 2003.907. NOTICE TO PROPERTY OWNERS. An appraisal
18 review board of an appraisal district established in a county
19 listed in Section 2003.902 that delivers notice of issuance of an
20 order described by Section 2003.901 pertaining to property
21 described by Section 2003.903 and a copy of the order to a property
22 owner as required by Section 41.47, Tax Code, shall include with the
23 notice and copy:

24 (1) a notice of the property owner's rights under this
25 subchapter; and

26 (2) a copy of the notice of appeal prescribed by
27 Section 2003.906.

1 Sec. 2003.908. DESIGNATION OF ADMINISTRATIVE LAW JUDGE.

2 (a) As soon as practicable after the office receives a notice of
3 appeal and the filing fee, the office shall designate an
4 administrative law judge to hear the appeal.

5 (b) As soon as practicable after the administrative law
6 judge is designated, the administrative law judge shall set the
7 date, time, and place of the hearing on the appeal.

8 (c) The hearing must be held in a building or facility that
9 is owned or partly or entirely leased by the office and located in
10 the county in which the applicable appraisal district is
11 established, except that if the office does not own or lease a
12 building or facility in the county, the hearing may be held in any
13 public or privately owned building or facility in that county,
14 preferably a building or facility in which the office regularly
15 conducts business. The hearing may not be held in a building or
16 facility that is owned, leased, or under the control of the
17 appraisal district.

18 Sec. 2003.909. SCOPE OF APPEAL. An appeal is by trial de
19 novo. The administrative law judge may not admit into evidence the
20 fact of previous action by the appraisal review board, except as
21 otherwise provided by this subchapter.

22 Sec. 2003.910. REPRESENTATION OF PARTIES. (a) A property
23 owner may be represented at the hearing by:

- 24 (1) the property owner;
25 (2) an attorney who is licensed in this state;
26 (3) a certified public accountant; or
27 (4) any other person who is not otherwise prohibited

1 from appearing in a hearing held by the office.

2 (b) The appraisal district may be represented by the chief
3 appraiser or a person designated by the chief appraiser.

4 Sec. 2003.911. DETERMINATION OF ADMINISTRATIVE LAW JUDGE.

5 (a) As soon as practicable, but not later than the 30th day after
6 the date the hearing is concluded, the administrative law judge
7 shall issue a determination and send a copy to the property owner
8 and the chief appraiser.

9 (b) The determination:

10 (1) must include a determination of the appraised or
11 market value, as applicable, of the property that is the subject of
12 the appeal;

13 (2) must state the administrative law judge's
14 rationale for the determination of value;

15 (3) may include any remedy or relief a court may order
16 under Chapter 42, Tax Code, in an appeal relating to the appraised
17 or market value of property; and

18 (4) shall specify whether the appraisal district or
19 the property owner is required to pay the costs of the hearing and
20 the amount of those costs.

21 (c) If the administrative law judge determines that the
22 appraised or market value, as applicable, of the property that is
23 the subject of the appeal is nearer to the property owner's opinion
24 of the appraised or market value, as applicable, of the property as
25 stated in the request for the hearing submitted by the property
26 owner than the value determined by the appraisal review board:

27 (1) the office, on receipt of a copy of the

1 determination, shall refund the property owner's filing fee;

2 (2) the appraisal district, on receipt of a copy of the
3 determination, shall pay the costs of the appeal as specified in the
4 determination; and

5 (3) the chief appraiser shall correct the appraised or
6 market value, as applicable, of the property as shown in the
7 appraisal roll to reflect the administrative law judge's
8 determination.

9 (d) If the administrative law judge determines that the
10 appraised or market value, as applicable, of the property that is
11 the subject of the appeal is not nearer to the property owner's
12 opinion of the appraised or market value, as applicable, of the
13 property as stated in the property owner's request for a hearing
14 than the value determined by the appraisal review board:

15 (1) the office, on receipt of a copy of the
16 determination, shall retain the property owner's filing fee;

17 (2) the chief appraiser shall correct the appraised or
18 market value, as applicable, of the property as shown in the
19 appraisal roll to reflect the administrative law judge's
20 determination if the value as determined by the administrative law
21 judge is less than the value as determined by the appraisal review
22 board; and

23 (3) the property owner shall pay the difference
24 between the costs of the appeal as specified in the determination
25 and the property owner's filing fee.

26 (e) Notwithstanding Subsection (a), the office by rule may
27 implement a process under which:

1 (1) the administrative law judge issues a proposal for
2 determination to the parties;

3 (2) the parties are given a reasonable period in which
4 to make written objections to the proposal; and

5 (3) the administrative law judge is authorized to take
6 into account those written objections before issuing a final
7 determination.

8 Sec. 2003.912. PAYMENT OF TAXES PENDING APPEAL. (a) The
9 pendency of an appeal to the office does not affect the delinquency
10 date for the taxes on the property subject to the appeal. A
11 property owner who appeals an appraisal review board order to the
12 office shall pay taxes on the property subject to the appeal in an
13 amount equal to the amount of taxes due on the portion of the
14 taxable value of the property that is not in dispute. If the final
15 determination of the appeal decreases the property owner's tax
16 liability to an amount less than the amount of taxes paid, each
17 taxing unit shall refund to the property owner the difference
18 between the amount of taxes paid and the amount of taxes for which
19 the property owner is liable.

20 (b) A property owner may not appeal to the office if the
21 taxes on the property subject to the appeal are delinquent. An
22 administrative law judge who determines that the taxes on the
23 property subject to an appeal are delinquent shall dismiss the
24 pending appeal with prejudice. If an appeal is dismissed under this
25 subsection, the office shall retain the property owner's filing
26 fee.

27 Sec. 2003.913. JUDICIAL APPEAL. (a) A final order of an

1 administrative law judge determining an appeal brought under this
2 subchapter may be appealed to a district court in the manner
3 provided by Chapter 42, Tax Code, except that a party is not
4 entitled to a jury trial.

5 (b) A chief appraiser may not bring an appeal unless the
6 board of directors of the appraisal district votes to allow the
7 appeal.

8 (c) Except as provided by Subsection (a), to the extent that
9 they can be made applicable, the provisions of Chapter 42, Tax Code,
10 also apply to an appeal of a final order of an administrative law
11 judge determining an appeal brought under this subchapter.

12 Sec. 2003.914. EFFECT ON RIGHT TO JUDICIAL APPEAL. An
13 appeal to the office under this subchapter does not prevent the
14 property owner from seeking judicial review of the order of the
15 appraisal review board. The period in which a petition for review
16 must be filed under Section 42.21, Tax Code, is tolled beginning on
17 the date the notice of appeal under this subchapter is filed and
18 ending on the date the administrative law judge issues the judge's
19 determination.

20 Sec. 2003.915. REPORT TO LEGISLATURE. Not later than
21 January 1, 2013, the office and the chief appraisers of the
22 appraisal districts established in the counties in which the pilot
23 program is implemented shall submit a report to the legislature
24 that includes:

25 (1) the number of appeals for property in each
26 appraisal district;

27 (2) the number of appeals that were settled before

1 being heard by an administrative law judge;

2 (3) the number of appeals brought on the ground of
3 excessive appraisal;

4 (4) the number of appeals brought on the ground of
5 unequal appraisal;

6 (5) the number of judicial appeals of an
7 administrative law judge's determination for each appraisal
8 district; and

9 (6) any recommendations for future legislative action
10 that the office or the chief appraisers consider appropriate.

11 Sec. 2003.916. EXPIRATION. This subchapter expires January
12 1, 2013.

13 ARTICLE 10. APPLICABILITY; EFFECTIVE DATE

14 SECTION 10.01. This Act applies only to an ad valorem tax
15 year that begins on or after the effective date of this Act.

16 SECTION 10.02. Except as otherwise provided by this Act,
17 this Act takes effect January 1, 2010.