

By: Williams

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

23 ARTICLE 3. TAXPAYER OMBUDSMAN

24 SECTION 3.01. Section 6.04(d), Tax Code, is amended to read
25 as follows:

26 (d) The board shall develop and implement policies that
27 provide the public with reasonable opportunity to appear before the

1 board to speak on any issue under the jurisdiction of the board.
2 Reasonable time shall be provided during each board meeting for
3 public comment on appraisal district and appraisal review board
4 policies and procedures, and a report from the taxpayer ombudsman
5 [~~liaison officer~~] if one is required by Section 6.052.

6 SECTION 3.02. Section 6.052, Tax Code, is amended to read as
7 follows:

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

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

20 (c) The taxpayer ombudsman [~~liaison officer~~] shall report
21 to the board at each meeting on the status of all complaints filed
22 with the board under Section 6.04(g).

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

26 (d-1) The appraisal review board shall provide the taxpayer
27 ombudsman with the contact information of each property owner who

1 files a notice of protest under Chapter 41 with the board. On
2 receipt of the information, the taxpayer ombudsman shall contact
3 the property owner to inform the property owner of the services
4 provided by the ombudsman and provide the business address and
5 telephone number of the ombudsman.

6 (e) The chief appraiser or any other person who performs
7 appraisal services for the appraisal district for compensation is
8 not eligible to be the taxpayer ombudsman [~~liaison officer~~] for the
9 appraisal district.

10 ARTICLE 4. STUDIES CONDUCTED BY COMPTROLLER

11 SECTION 4.01. Sections 403.3011(1), (2), and (4),
12 Government Code, are amended to read as follows:

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

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

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

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

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

1 aggregate value as determined by the comptroller of all of the
2 categories of property sampled by the comptroller; and

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

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

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

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

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

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

27 (2) each year in a school district for which the most

1 recent study resulted in a determination by the comptroller that
2 the school district's local value was not valid.

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

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

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

27 (1) for each category of property sampled and tested

1 by the comptroller in the school district, the comptroller shall
2 use the weighted mean appraisal ratio determined by the study,
3 unless the ratio is more than four percentage points lower than the
4 weighted mean appraisal ratio determined by the comptroller for
5 that category of property in the immediately preceding study, in
6 which case the comptroller shall use the weighted mean appraisal
7 ratio determined in the immediately preceding study minus four
8 percentage points;

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

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

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

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

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

26 (h) On request of the commissioner of education or a school
27 district, the comptroller may audit the total taxable value of

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

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

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

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

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

24 (1) one member of the house of representatives,
25 appointed by the speaker of the house of representatives;

26 (2) one member of the senate, appointed by the
27 lieutenant governor;

1 (3) two members who represent appraisal districts,
2 appointed by the comptroller;

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

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

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

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

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

16 Sec. 403.304. COOPERATION WITH COMPTROLLER;
17 CONFIDENTIALITY.

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

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

27 (a-1) All information the comptroller obtains from a

1 person, other than a government or governmental subdivision or
2 agency, under an assurance that the information will be kept
3 confidential, in the course of conducting a study [~~of school~~
4 ~~district values~~] is confidential and may not be disclosed except as
5 provided in Subsection (b).

6 SECTION 4.05. Section 5.07(c), Tax Code, is amended to read
7 as follows:

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

17 SECTION 4.06. Section 5.10(a), Tax Code, is amended to read
18 as follows:

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

1 comptroller considers appropriate. In conducting the study, the
2 comptroller shall apply appropriate standard statistical analysis
3 techniques to data collected as part of the [~~annual~~] study of school
4 district taxable values required by Section 403.302, Government
5 Code.

6 SECTION 4.07. Section 5.102, Tax Code, is amended to read as
7 follows:

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

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

24 (c) At the conclusion of the review, the comptroller shall,
25 in writing, notify the appraisal district concerning its
26 performance in the review. If the review results in a finding that
27 an appraisal district is not in compliance with generally accepted

1 ~~[appraisal]~~ standards, procedures, and methodology ~~[and~~
2 ~~practices]~~, the comptroller shall deliver a report that details the
3 comptroller's findings and recommendations for improvement to:

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

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

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

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

9 SECTION 4.08. Sections 5.12(a), (d), and (e), Tax Code, are
10 amended to read as follows:

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

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

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

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

1 0.45.

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

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

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

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

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

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

26 (2) during the year immediately following the date the
27 results of an audit of the district conducted by the comptroller

1 under Subsection (a) [~~of this section~~] are reported to the chief
2 appraiser of the district; or

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

5 SECTION 4.09. Section 5.13(a), Tax Code, is amended to read
6 as follows:

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

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

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

20 SECTION 4.11. Sections 5.101 and 5.12(g), Tax Code, are
21 repealed.

22 SECTION 4.12. As soon as possible after the effective date
23 of this Act, the speaker of the house of representatives,
24 lieutenant governor, and comptroller shall appoint members to the
25 Comptroller's Property Value Study Advisory Committee in
26 accordance with Section 403.302(m), Government Code, as added by
27 this Act.

1 SECTION 4.13. The change in law made by this article applies
2 only to a study conducted under Section 5.10, Tax Code, or Section
3 403.302, Government Code, or a review conducted under Section
4 5.102, Tax Code, for a year that begins on or after January 1, 2009.
5 A study or review for a year that began before that date is covered
6 by the law in effect immediately before the effective date of this
7 Act, and the former law is continued in effect for that purpose.

8 ARTICLE 5. SETTING OF SCHOOL DISTRICT TAX RATES

9 SECTION 5.01. Section 26.04, Tax Code, is amended by adding
10 Subsection (d-1) to read as follows:

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

15 (1) the assessor for the district shall:

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

19 (B) submit an appraisal roll to the governing
20 body of the district showing an estimate of each item of information
21 specified by Subsection (b), using the estimated values provided
22 under Section 26.01(e) and determined under Paragraph (A); and

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

27 SECTION 5.02. Section 26.05, Tax Code, is amended by adding

1 Subsection (a-1) to read as follows:

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

8 ARTICLE 6. SUITS AGAINST APPRAISAL DISTRICTS AND APPRAISAL REVIEW
9 BOARDS

10 SECTION 6.01. Section 43.01, Tax Code, is amended to read as
11 follows:

12 Sec. 43.01. AUTHORITY TO BRING SUIT. (a) A taxing unit may
13 sue the appraisal district that appraises property for the unit to
14 compel the appraisal district to comply with the provisions of this
15 title, rules of the comptroller, or other applicable law.

16 (b) A person may sue an appraisal district or appraisal
17 review board to compel the appraisal district or appraisal review
18 board to comply with the provisions of this title, rules of the
19 comptroller, or other applicable law if the failure to comply
20 causes or will cause substantial economic harm to or denial of a
21 statutory or constitutional right of that person. A person
22 bringing an action under this subsection must pay \$500 into the
23 registry of the court. The court shall distribute that amount to
24 the prevailing party on entry of final judgment in the action.

25 (c) If the party bringing an action under this section
26 prevails on the merits, the court shall enter an order compelling
27 the appraisal district or appraisal review board to comply with the

1 applicable law and ordering that the prevailing party recover its
2 court costs and reasonable attorney's fees.

3 (d) This section applies only to a matter that may not be the
4 subject of a motion under Section 25.25(c) or (d) or a protest or
5 challenge under Chapter 41.

6 ARTICLE 7. COMMUNICATIONS WITH APPRAISAL REVIEW BOARD MEMBERS

7 SECTION 7.01. Section 6.411(c), Tax Code, is amended to
8 read as follows:

9 (c) Except for communications described by Section
10 41.66(f)(3), this [~~This~~] section does not apply to communications
11 that do not discuss the specific evidence, argument, facts, merits,
12 or property involved in a hearing currently pending before the
13 appraisal review board or to communications between the board and
14 its legal counsel.

15 SECTION 7.02. Section 41.66(f), Tax Code, is amended to
16 read as follows:

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

19 (1) the evidence, argument, facts, merits, or any
20 other matters related to an owner's protest, except during the
21 hearing on the protest; [~~or~~]

22 (2) a property that is the subject of the protest,
23 except during a hearing on another protest or other proceeding
24 before the board at which the property is compared to other property
25 or used in a sample of properties; or

26 (3) a factual or hypothetical situation that is
27 substantially similar to a situation that is the subject of the

1 protest, except during the hearing on the protest.

2 SECTION 7.03. (a) The change in law made by this article
3 applies only to an offense committed on or after the effective date
4 of this article. For purposes of this section, an offense is
5 committed before the effective date of this article if any element
6 of the offense occurs before that date.

7 (b) An offense committed before the effective date of this
8 article is covered by the law in effect when the offense was
9 committed, and the former law is continued in effect for that
10 purpose.

11 ARTICLE 8. APPOINTMENT OF APPRAISAL REVIEW BOARD MEMBERS

12 SECTION 8.01. Sections 6.41(d), (e), and (f), Tax Code, are
13 amended to read as follows:

14 (d) Members of the board are appointed by the taxing units
15 that participate in the appraisal district in the manner provided
16 by Section 6.03 for appointment of the members [~~resolution of a~~
17 ~~majority~~] of the appraisal district board of directors. A vacancy
18 on the board is filled in the same manner for the unexpired portion
19 of the term.

20 (e) Members of the board hold office for terms of two years
21 beginning January 1. The appraisal district board of directors by
22 resolution shall provide for staggered terms, so that the terms of
23 as close to one-half of the members as possible expire each year.
24 In making the initial or subsequent appointments, the taxing units
25 that participate in the appraisal district [~~board of directors~~]
26 shall designate those members who serve terms of one year as needed
27 to comply with this subsection.

1 (f) A member of the board may be removed from the board by
2 the taxing units that participate in the appraisal district in the
3 manner provided by Section 6.033 for the recall of a member [~~a~~
4 ~~majority vote]~~ of the appraisal district board of directors.
5 Grounds for removal are:

6 (1) a violation of Section 6.412, 6.413, 41.66(f), or
7 41.69; or

8 (2) good cause relating to the attendance of members
9 at called meetings of the board as established by written policy
10 adopted by a majority of the appraisal district board of directors.

11 SECTION 8.02. (a) Appraisal review board members shall be
12 appointed under Section 6.41, Tax Code, as amended by this article,
13 beginning in 2010. Members then appointed take office January 1,
14 2011.

15 (b) The change in the manner of appointment of appraisal
16 review board members made by Section 6.41, Tax Code, as amended by
17 this article, does not affect the appointment of members who serve
18 on the board before January 1, 2011.

19 (c) The term of an appraisal review board member serving on
20 December 31, 2010, expires January 1, 2011.

21 ARTICLE 9. RESTRICTION ON AUTHORITY OF APPRAISAL REVIEW BOARD TO
22 RETAIN LEGAL COUNSEL

23 SECTION 9.01. Section 6.43, Tax Code, is amended to read as
24 follows:

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

1 appraisal office for clerical assistance.

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

8 ARTICLE 10. PILOT PROGRAM IN CERTAIN COUNTIES

9 SECTION 10.01. Chapter 2003, Government Code, is amended by
10 adding Subchapter Z to read as follows:

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

12 DETERMINATIONS IN CERTAIN COUNTIES

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

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

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

1 Sec. 2003.903. APPLICABILITY TO REAL AND PERSONAL PROPERTY.

2 The pilot program must be applicable to a determination of the
3 appraised or market value made by an appraisal review board in
4 connection with real or personal property, other than industrial
5 property or minerals.

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

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

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

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

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

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

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

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

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

5 (2) submit the notice of appeal and filing fee to the
6 office; and

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

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

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

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

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

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

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

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

3 Sec. 2003.908. DESIGNATION OF ADMINISTRATIVE LAW JUDGE.

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

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

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

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

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

26 (1) the property owner;

27 (2) an attorney who is licensed in this state;

1 (3) a certified public accountant; or

2 (4) any other person who is not otherwise prohibited
3 from appearing in a hearing held by the office.

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

6 Sec. 2003.911. DETERMINATION OF ADMINISTRATIVE LAW JUDGE.

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

11 (b) The determination:

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

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

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

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

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

1 owner than the value determined by the appraisal review board:

2 (1) the office, on receipt of a copy of the
3 determination, shall refund the property owner's filing fee;

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

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

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

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

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

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

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

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

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

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

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

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

1 filing fee.

2 Sec. 2003.913. JUDICIAL APPEAL. (a) A final order of an
3 administrative law judge determining an appeal brought under this
4 subchapter may be appealed to a district court in the manner
5 provided by Chapter 42, Tax Code, except that a party is not
6 entitled to a jury trial.

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

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

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

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

27 (1) the number of appeals for property in each

1 appraisal district;

2 (2) the number of appeals that were settled before
3 being heard by an administrative law judge;

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

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

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

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

13 Sec. 2003.916. EXPIRATION. This subchapter expires January
14 1, 2013.

15 ARTICLE 11. APPLICABILITY; EFFECTIVE DATE

16 SECTION 11.01. This Act applies only to an ad valorem tax
17 year that begins on or after the effective date of this Act.

18 SECTION 11.02. This Act takes effect January 1, 2010.