

1-1 By: Williams S.B. No. 20
1-2 (In the Senate - Filed March 13, 2009; March 18, 2009, read
1-3 first time and referred to Committee on Finance; April 22, 2009,
1-4 reported adversely, with favorable Committee Substitute by the
1-5 following vote: Yeas 13, Nays 0, 1 present not voting;
1-6 April 22, 2009, sent to printer.)

1-7 COMMITTEE SUBSTITUTE FOR S.B. No. 20 By: Williams

1-8 A BILL TO BE ENTITLED
1-9 AN ACT

1-10 relating to ad valorem taxation.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 ARTICLE 1. CONSOLIDATED APPRAISAL REVIEW BOARDS

1-13 SECTION 1.01. Section 6.41, Tax Code, is amended by adding
1-14 Subsections (g) and (h) to read as follows:

1-15 (g) Subsection (a) does not preclude the boards of directors
1-16 of two or more adjoining appraisal districts from providing for the
1-17 operation of a consolidated appraisal review board by interlocal
1-18 contract.

1-19 (h) When adjoining appraisal districts by interlocal
1-20 contract have provided for the operation of a consolidated
1-21 appraisal review board:

1-22 (1) a reference in this or another section of this code
1-23 to the appraisal district means the adjoining appraisal districts;

1-24 (2) a reference in this or another section of this code
1-25 to the appraisal district board of directors means the boards of
1-26 directors of the adjoining appraisal districts;

1-27 (3) a provision of this code that applies to an
1-28 appraisal review board also applies to the consolidated appraisal
1-29 review board; and

1-30 (4) a reference in this code to the appraisal review
1-31 board shall be construed to also refer to the consolidated
1-32 appraisal review board.

1-33 SECTION 1.02. This article takes effect only if the
1-34 constitutional amendment proposed by the 81st Legislature, Regular
1-35 Session, 2009, authorizing the legislature to authorize a single
1-36 board of equalization for two or more adjoining appraisal entities
1-37 that elect to provide for consolidated equalizations is approved by
1-38 the voters. If that amendment is not approved by the voters, this
1-39 article has no effect.

1-40 ARTICLE 2. APPRAISAL OF RESIDENCE HOMESTEADS

1-41 SECTION 2.01. Section 23.01, Tax Code, is amended by adding
1-42 Subsection (c) to read as follows:

1-43 (c) The market value of a residence homestead shall be
1-44 determined solely on the basis of the property's value as a
1-45 residence homestead, regardless of whether the residential use of
1-46 the property by the owner is considered to be the highest and best
1-47 use of the property.

1-48 SECTION 2.02. This article takes effect only if the
1-49 constitutional amendment proposed by the 81st Legislature, Regular
1-50 Session, 2009, authorizing the legislature to provide for the ad
1-51 valorem taxation of a residence homestead solely on the basis of the
1-52 property's value as a residence homestead is approved by the
1-53 voters. If that amendment is not approved by the voters, this
1-54 article has no effect.

1-55 ARTICLE 3. TAXPAYER OMBUDSMAN

1-56 SECTION 3.01. Subsection (d), Section 6.04, Tax Code, is
1-57 amended to read as follows:

1-58 (d) The board shall develop and implement policies that
1-59 provide the public with reasonable opportunity to appear before the
1-60 board to speak on any issue under the jurisdiction of the board.
1-61 Reasonable time shall be provided during each board meeting for
1-62 public comment on appraisal district and appraisal review board
1-63 policies and procedures, and a report from the taxpayer ombudsman

2-1 [~~liaison officer~~] if one is required by Section 6.052.

2-2 SECTION 3.02. Section 6.052, Tax Code, is amended to read as
2-3 follows:

2-4 Sec. 6.052. TAXPAYER OMBUDSMAN [~~LIAISON OFFICER~~]. (a) The
2-5 board of directors for an appraisal district created for a county
2-6 with a population of more than 50,000 [~~125,000~~] shall appoint a
2-7 taxpayer ombudsman [~~liaison officer~~] who shall serve at the
2-8 pleasure of the board. The taxpayer ombudsman [~~liaison officer~~]
2-9 shall administer the public access functions required by Sections
2-10 6.04(d), (e), and (f), and is responsible for resolving disputes
2-11 not involving matters that may be protested under Section 41.41.

2-12 (b) The taxpayer ombudsman shall [~~liaison officer may~~]
2-13 provide information and materials designed to assist property
2-14 owners in understanding the appraisal process, protest procedures,
2-15 and related matters.

2-16 (c) The taxpayer ombudsman [~~liaison officer~~] shall report
2-17 to the board at each meeting on the status of all complaints filed
2-18 with the board under Section 6.04(g).

2-19 (d) The taxpayer ombudsman [~~liaison officer~~] is entitled to
2-20 compensation as provided by the budget adopted by the board of
2-21 directors.

2-22 (d-1) The appraisal review board shall provide the taxpayer
2-23 ombudsman with the contact information of each property owner who
2-24 files a notice of protest under Chapter 41 with the board. On
2-25 receipt of the information, the taxpayer ombudsman shall contact
2-26 the property owner to inform the property owner of the services
2-27 provided by the ombudsman and provide the business address and
2-28 telephone number of the ombudsman.

2-29 (e) The chief appraiser or any other person who performs
2-30 appraisal services for the appraisal district for compensation is
2-31 not eligible to be the taxpayer ombudsman [~~liaison officer~~] for the
2-32 appraisal district.

2-33 ARTICLE 4. STUDIES CONDUCTED BY COMPTROLLER

2-34 SECTION 4.01. Subdivisions (1), (2), and (4), Section
2-35 403.3011, Government Code, are amended to read as follows:

2-36 (1) "Study" [~~"Annual study"~~] means a study conducted
2-37 under Section 403.302.

2-38 (2) "Eligible school district" means a school district
2-39 for which the comptroller has determined the following:

2-40 (A) in the most recent [~~annual~~] study, the local
2-41 value is invalid under Section 403.302(c) and does not exceed the
2-42 state value for the school district determined in the [~~annual~~]
2-43 study;

2-44 (B) in the two studies [~~annual study for each of~~
2-45 ~~the two years~~] preceding the most recent [~~annual~~] study, the school
2-46 district's local value was valid under Section 403.302(c); [~~and~~]

2-47 (C) in the most recent [~~annual~~] study, the
2-48 aggregate local value of all of the categories of property sampled
2-49 by the comptroller is not less than 90 percent of the lower limit of
2-50 the margin of error as determined by the comptroller of the
2-51 aggregate value as determined by the comptroller of all of the
2-52 categories of property sampled by the comptroller; and

2-53 (D) the appraisal district that appraises
2-54 property for the school district was in compliance with the scoring
2-55 requirement of the comptroller's most recent review of the
2-56 appraisal district conducted under Section 5.102, Tax Code.

2-57 (4) "State value" means the value of property in a
2-58 school district as determined in a [~~the annual~~] study.

2-59 SECTION 4.02. Section 403.302, Government Code, is amended
2-60 by amending Subsections (a), (c), (c-1), (f), (h), (i), and (l) and
2-61 adding Subsections (a-1), (a-2), (m), (n), and (o) to read as
2-62 follows:

2-63 (a) The comptroller shall conduct a [~~an annual~~] study using
2-64 comparable sales and generally accepted auditing and sampling
2-65 techniques to determine the total taxable value of all property in
2-66 each school district. The study shall determine the taxable value
2-67 of all property and of each category of property in the district and
2-68 the productivity value of all land that qualifies for appraisal on
2-69 the basis of its productive capacity and for which the owner has

3-1 applied for and received a productivity appraisal. The comptroller
 3-2 shall make appropriate adjustments in the study to account for
 3-3 actions taken under Chapter 41, Education Code.

3-4 (a-1) The comptroller shall conduct a study:

3-5 (1) at least every two years in each school district
 3-6 for which the most recent study resulted in a determination by the
 3-7 comptroller that the school district's local value was valid; and

3-8 (2) each year in a school district for which the most
 3-9 recent study resulted in a determination by the comptroller that
 3-10 the school district's local value was not valid.

3-11 (a-2) If in any year the comptroller does not conduct a
 3-12 study, the school district's local value for that year is
 3-13 considered to be valid.

3-14 (c) If after conducting the [~~annual~~] study the comptroller
 3-15 determines that the local value for a school district is valid, the
 3-16 local value is presumed to represent taxable value for the school
 3-17 district. In the absence of that presumption, taxable value for a
 3-18 school district is the state value for the school district
 3-19 determined by the comptroller under Subsections (a) and (b) unless
 3-20 the local value exceeds the state value, in which case the taxable
 3-21 value for the school district is the district's local value. In
 3-22 determining whether the local value for a school district is valid,
 3-23 the comptroller shall use a margin of error that does not exceed
 3-24 five percent unless the comptroller determines that the size of the
 3-25 sample of properties necessary to make the determination makes the
 3-26 use of such a margin of error not feasible, in which case the
 3-27 comptroller may use a larger margin of error.

3-28 (c-1) This subsection applies only to a school district
 3-29 whose central administrative office is located in a county with a
 3-30 population of 9,000 or less and a total area of more than 6,000
 3-31 square miles. If after conducting the [~~annual~~] study for a tax
 3-32 year the comptroller determines that the local value for a school
 3-33 district is not valid, the comptroller shall adjust the taxable
 3-34 value determined under Subsections (a) and (b) as follows:

3-35 (1) for each category of property sampled and tested
 3-36 by the comptroller in the school district, the comptroller shall
 3-37 use the weighted mean appraisal ratio determined by the study,
 3-38 unless the ratio is more than four percentage points lower than the
 3-39 weighted mean appraisal ratio determined by the comptroller for
 3-40 that category of property in the immediately preceding study, in
 3-41 which case the comptroller shall use the weighted mean appraisal
 3-42 ratio determined in the immediately preceding study minus four
 3-43 percentage points;

3-44 (2) the comptroller shall use the category weighted
 3-45 mean appraisal ratios as adjusted under Subdivision (1) to
 3-46 establish a value estimate for each category of property sampled
 3-47 and tested by the comptroller in the school district; and

3-48 (3) the value estimates established under Subdivision
 3-49 (2), together with the local tax roll value for any categories not
 3-50 sampled and tested by the comptroller, less total deductions
 3-51 determined by the comptroller, determine the taxable value for the
 3-52 school district.

3-53 (f) The study shall determine the values as of January 1 of
 3-54 each year:

3-55 (1) for a school district in which a study was
 3-56 conducted according to the results of the study; and

3-57 (2) for a school district in which a study was not
 3-58 conducted according to the market value determined by the appraisal
 3-59 district that appraises property for the district, less the amounts
 3-60 specified by Subsection (d).

3-61 (h) On request of the commissioner of education or a school
 3-62 district, the comptroller may audit the total taxable value of
 3-63 property in a school district and may revise the [~~annual~~] study
 3-64 findings. The request for audit is limited to corrections and
 3-65 changes in a school district's appraisal roll that occurred after
 3-66 preliminary certification of the [~~annual~~] study findings by the
 3-67 comptroller. Except as otherwise provided by this subsection, the
 3-68 request for audit must be filed with the comptroller not later than
 3-69 the third anniversary of the date of the final certification of the

4-1 ~~[annual]~~ study findings. The request for audit may be filed not
 4-2 later than the first anniversary of the date the chief appraiser
 4-3 certifies a change to the appraisal roll if the chief appraiser
 4-4 corrects the appraisal roll under Section 25.25 or 42.41, Tax Code,
 4-5 and the change results in a material reduction in the total taxable
 4-6 value of property in the school district. The comptroller shall
 4-7 certify the findings of the audit to the commissioner of education.

4-8 (i) If the comptroller determines in the ~~[annual]~~ study that
 4-9 the market value of property in a school district as determined by
 4-10 the appraisal district that appraises property for the school
 4-11 district, less the total of the amounts and values listed in
 4-12 Subsection (d) as determined by that appraisal district, is valid,
 4-13 the comptroller, in determining the taxable value of property in
 4-14 the school district under Subsection (d), shall for purposes of
 4-15 Subsection (d)(14) subtract from the market value as determined by
 4-16 the appraisal district of residence homesteads to which Section
 4-17 23.23, Tax Code, applies the amount by which that amount exceeds the
 4-18 appraised value of those properties as calculated by the appraisal
 4-19 district under Section 23.23, Tax Code. If the comptroller
 4-20 determines in the ~~[annual]~~ study that the market value of property
 4-21 in a school district as determined by the appraisal district that
 4-22 appraises property for the school district, less the total of the
 4-23 amounts and values listed in Subsection (d) as determined by that
 4-24 appraisal district, is not valid, the comptroller, in determining
 4-25 the taxable value of property in the school district under
 4-26 Subsection (d), shall for purposes of Subsection (d)(14) subtract
 4-27 from the market value as estimated by the comptroller of residence
 4-28 homesteads to which Section 23.23, Tax Code, applies the amount by
 4-29 which that amount exceeds the appraised value of those properties
 4-30 as calculated by the appraisal district under Section 23.23, Tax
 4-31 Code.

4-32 (l) If after conducting the ~~[annual]~~ study for ~~[the year~~
 4-33 ~~2003 or]~~ a ~~[subsequent]~~ year the comptroller determines that a
 4-34 school district is an eligible school district, for that year and
 4-35 the following year the taxable value for the school district is the
 4-36 district's local value. ~~[Not later than the first anniversary of~~
 4-37 ~~the date of the determination that a school district is an eligible~~
 4-38 ~~school district, the comptroller shall complete an appraisal~~
 4-39 ~~standards review as provided by Section 5.102, Tax Code, of each~~
 4-40 ~~appraisal district that appraises property for the school~~
 4-41 ~~district.]~~

4-42 (m) The Comptroller's Property Value Study Advisory
 4-43 Committee is created. The committee is composed of:

4-44 (1) one member of the house of representatives,
 4-45 appointed by the speaker of the house of representatives;

4-46 (2) one member of the senate, appointed by the
 4-47 lieutenant governor;

4-48 (3) two members who represent appraisal districts,
 4-49 appointed by the comptroller;

4-50 (4) two members who represent school districts,
 4-51 appointed by the comptroller; and

4-52 (5) three members appointed by the comptroller who are
 4-53 residents of this state and are school district taxpayers or have
 4-54 expertise in school district taxation or ratio studies.

4-55 (n) Chapter 2110 does not apply to the size, composition, or
 4-56 duration of the Comptroller's Property Value Study Advisory
 4-57 Committee.

4-58 (o) The comptroller shall adopt rules governing the conduct
 4-59 of the study after consultation with the Comptroller's Property
 4-60 Value Study Advisory Committee.

4-61 SECTION 4.03. The heading to Section 403.304, Government
 4-62 Code, is amended to read as follows:

4-63 Sec. 403.304. COOPERATION WITH COMPTROLLER;
 4-64 CONFIDENTIALITY.

4-65 SECTION 4.04. Section 403.304, Government Code, is amended
 4-66 by amending Subsection (a) and adding Subsection (a-1) to read as
 4-67 follows:

4-68 (a) A school district, appraisal district, or other
 4-69 governmental entity in this state shall promptly comply with an

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

5-5 (a-1) All information the comptroller obtains from a
 5-6 person, other than a government or governmental subdivision or
 5-7 agency, under an assurance that the information will be kept
 5-8 confidential, in the course of conducting a study [~~of school~~
 5-9 ~~district values~~] is confidential and may not be disclosed except as
 5-10 provided in Subsection (b).

5-11 SECTION 4.05. Subsection (c), Section 5.07, Tax Code, is
 5-12 amended to read as follows:

5-13 (c) The comptroller shall also prescribe a uniform record
 5-14 system to be used by all appraisal districts for the purpose of
 5-15 submitting data to be used in the [~~annual~~] studies required by
 5-16 Section 5.10 of this code and by Section 403.302, Government Code.
 5-17 The record system shall include a compilation of information
 5-18 concerning sales of real property within the boundaries of the
 5-19 appraisal district. The sales information maintained in the
 5-20 uniform record system shall be submitted annually in a form
 5-21 prescribed by the comptroller.

5-22 SECTION 4.06. Subsection (a), Section 5.10, Tax Code, is
 5-23 amended to read as follows:

5-24 (a) At least once every two years, the [The] comptroller
 5-25 shall conduct a [an annual] study in each appraisal district to
 5-26 determine the degree of uniformity of and the median level of
 5-27 appraisals by the appraisal district within each major category of
 5-28 property. The comptroller shall publish a report of the findings of
 5-29 the study, including in the report the median levels of appraisal
 5-30 for each major category of property, the coefficient of dispersion
 5-31 around the median level of appraisal for each major category of
 5-32 property, and any other standard statistical measures that the
 5-33 comptroller considers appropriate. In conducting the study, the
 5-34 comptroller shall apply appropriate standard statistical analysis
 5-35 techniques to data collected as part of the [annual] study of school
 5-36 district taxable values required by Section 403.302, Government
 5-37 Code.

5-38 SECTION 4.07. Section 5.102, Tax Code, is amended to read as
 5-39 follows:

5-40 Sec. 5.102. REVIEW OF APPRAISAL DISTRICTS [~~STANDARDS~~].

5-41 (a) At least once every two years, the [The] comptroller shall
 5-42 review the governance of each appraisal district, taxpayer
 5-43 assistance provided, and the operating and appraisal standards,
 5-44 procedures, and methodology used by each appraisal district [that
 5-45 appraises property for an eligible school district as defined by
 5-46 Section 403.3011, Government Code,] to determine compliance with
 5-47 generally accepted [appraisal] standards, procedures, and
 5-48 methodology [and practices]. After consultation with the advisory
 5-49 committee created under Section 403.302, Government Code, the [The]
 5-50 comptroller by rule may establish procedures and standards for
 5-51 conducting and scoring the review.

5-52 (b) In conducting the review, the comptroller is entitled to
 5-53 access to all records and reports of the appraisal district, to copy
 5-54 or print any record or report of the appraisal district, and to the
 5-55 assistance of the appraisal district's officers and employees.

5-56 (c) At the conclusion of the review, the comptroller shall,
 5-57 in writing, notify the appraisal district concerning its
 5-58 performance in the review. If the review results in a finding that
 5-59 an appraisal district is not in compliance with generally accepted
 5-60 [appraisal] standards, procedures, and methodology [and
 5-61 practices], the comptroller shall deliver a report that details the
 5-62 comptroller's findings and recommendations for improvement to:

5-63 (1) the appraisal district's chief appraiser and board
 5-64 of directors; and

5-65 (2) the superintendent and board of trustees of each
 5-66 school district participating in the appraisal district.

5-67 (d) If the appraisal district fails to comply with the
 5-68 recommendations in the report and the comptroller finds that the
 5-69 board of directors of the appraisal district failed to take

6-1 remedial action reasonably designed to ensure substantial
 6-2 compliance with each recommendation in the report before the first
 6-3 anniversary of the date the report was issued, the comptroller
 6-4 shall notify the Board of Tax Professional Examiners, or a
 6-5 successor to the board, which shall take action necessary to ensure
 6-6 that the recommendations in the report are implemented as soon as
 6-7 practicable [judge of each district court in the county for which
 6-8 the appraisal district is established, who shall appoint a board of
 6-9 conservators consisting of five members to implement the
 6-10 recommendations. The board of conservators shall exercise
 6-11 supervision and control over the operations of the appraisal
 6-12 district until the comptroller determines under Section 403.302,
 6-13 Government Code, that in the same year the taxable value of each
 6-14 school district for which the appraisal district appraises property
 6-15 is the local value for the school district. The appraisal district
 6-16 shall bear the costs related to the supervision and control of the
 6-17 district by the board of conservators].

6-18 (e) Before February 1 of the year following the year in
 6-19 which the Board of Tax Professional Examiners, or its successor,
 6-20 takes action under Subsection (d), and with the assistance of the
 6-21 comptroller, the board shall determine whether the recommendations
 6-22 in the most recent report have been substantially implemented. The
 6-23 presiding officer of the board shall notify the chief appraiser and
 6-24 the board of directors of the appraisal district in writing of the
 6-25 board's determination.

6-26 SECTION 4.08. Subsections (a), (d), and (e), Section 5.12,
 6-27 Tax Code, are amended to read as follows:

6-28 (a) The comptroller shall audit the performance of an
 6-29 appraisal district if one or more of the following conditions exist
 6-30 according to each of two consecutive [~~annual~~] studies conducted by
 6-31 the comptroller under Section 5.10 [~~of this code~~], regardless of
 6-32 whether the prescribed condition or conditions that exist are the
 6-33 same for each of those studies:

6-34 (1) the overall median level of appraisal for all
 6-35 property in the district for which the comptroller determines a
 6-36 median level of appraisal is less than 0.75;

6-37 (2) the coefficient of dispersion around the overall
 6-38 median level of appraisal of the properties used to determine the
 6-39 overall median level of appraisal for all property in the district
 6-40 for which the comptroller determines a median level of appraisal
 6-41 exceeds 0.30; or

6-42 (3) the difference between the median levels of
 6-43 appraisal for any two classes of property in the district for which
 6-44 the comptroller determines a median level of appraisal is more than
 6-45 0.45.

6-46 (d) A request for a performance audit of an appraisal
 6-47 district may not be made under Subsection (b) or (c) [~~of this~~
 6-48 ~~section~~] if according to each of the two most recently published
 6-49 [~~annual~~] studies conducted by the comptroller under Section 5.10
 6-50 [~~of this code~~]:

6-51 (1) the overall median level of appraisal for all
 6-52 property in the district for which the comptroller determines a
 6-53 median level of appraisal is more than 0.90 and less than 1.10;

6-54 (2) the coefficient of dispersion around the overall
 6-55 median level of appraisal of the properties used to determine the
 6-56 overall median level of appraisal for all property in the district
 6-57 for which the comptroller determines a median level of appraisal is
 6-58 less than 0.15; and

6-59 (3) the difference between the highest and lowest
 6-60 median levels of appraisal in the district for the classes of
 6-61 property for which the comptroller determines a median level of
 6-62 appraisal is less than 0.20.

6-63 (e) A request for a performance audit of an appraisal
 6-64 district may not be made under Subsection (b) or (c) [~~of this~~
 6-65 ~~section~~]:

6-66 (1) during the two years immediately following the
 6-67 publication of the second of two consecutive [~~annual~~] studies
 6-68 according to which the comptroller is required to conduct an audit
 6-69 of the district under Subsection (a) [~~of this section~~]; [~~or~~]

7-1 (2) during the year immediately following the date the
7-2 results of an audit of the district conducted by the comptroller
7-3 under Subsection (a) [~~of this section~~] are reported to the chief
7-4 appraiser of the district; or

7-5 (3) during a year in which the comptroller is
7-6 conducting a review of the district under Section 5.102.

7-7 SECTION 4.09. Subsection (a), Section 5.13, Tax Code, is
7-8 amended to read as follows:

7-9 (a) The comptroller shall complete an audit required by
7-10 Section 5.12(a) [~~of this code~~] within two years after the date of
7-11 the publication of the second of the two [~~annual~~] studies the
7-12 results of which required the audit to be conducted. The
7-13 comptroller shall complete an audit requested under Section 5.12(b)
7-14 or (c) [~~of this code~~] as soon as practicable after the request is
7-15 made.

7-16 SECTION 4.10. Section 41A.12, Tax Code, is amended to read
7-17 as follows:

7-18 Sec. 41A.12. USE OF PROPERTIES AS SAMPLES. An arbitrator's
7-19 determination of market value under this chapter is the market
7-20 value of the property subject to the appeal for the purposes of the
7-21 [~~annual~~] study conducted under Section 403.302, Government Code.

7-22 SECTION 4.11. Section 5.101 and Subsection (g), Section
7-23 5.12, Tax Code, are repealed.

7-24 SECTION 4.12. As soon as possible after the effective date
7-25 of this Act, the speaker of the house of representatives,
7-26 lieutenant governor, and comptroller of public accounts shall
7-27 appoint members to the Comptroller's Property Value Study Advisory
7-28 Committee in accordance with Subsection (m), Section 403.302,
7-29 Government Code, as added by this Act.

7-30 SECTION 4.13. The change in law made by this article applies
7-31 only to a study conducted under Section 5.10, Tax Code, or Section
7-32 403.302, Government Code, or a review conducted under Section
7-33 5.102, Tax Code, for a year that begins on or after January 1, 2009.
7-34 A study or review for a year that began before that date is covered
7-35 by the law in effect immediately before the effective date of this
7-36 Act, and the former law is continued in effect for that purpose.

7-37 ARTICLE 5. SETTING OF SCHOOL DISTRICT TAX RATES

7-38 SECTION 5.01. Section 26.04, Tax Code, is amended by adding
7-39 Subsection (d-1) to read as follows:

7-40 (d-1) This subsection applies only to a school district.
7-41 Notwithstanding Subsections (a), (b), and (c), on receipt of the
7-42 estimate of the taxable value of property in the district under
7-43 Section 26.01(e):

7-44 (1) the assessor for the district shall:

7-45 (A) determine an estimate of the values specified
7-46 in Subsection (a) for the district using the estimated value
7-47 provided under Section 26.01(e); and

7-48 (B) submit an appraisal roll to the governing
7-49 body of the district showing an estimate of each item of information
7-50 specified by Subsection (b), using the estimated values provided
7-51 under Section 26.01(e) and determined under Paragraph (A); and

7-52 (2) an officer or employee designated by the governing
7-53 body of the school district shall calculate the effective tax rate
7-54 and the rollback tax rate for the district using the estimates
7-55 described by Subdivision (1).

7-56 SECTION 5.02. Section 26.05, Tax Code, is amended by adding
7-57 Subsection (a-1) to read as follows:

7-58 (a-1) This subsection applies only to a school district.
7-59 The governing body of the school district shall adopt a tax rate for
7-60 the current tax year before the later of September 30 or the 60th
7-61 day after the date the estimate of the taxable value of property in
7-62 the district is received under Section 26.01(e) using the values
7-63 estimated under that section and Section 26.04(d-1).

7-64 ARTICLE 6. COMMUNICATIONS WITH APPRAISAL REVIEW BOARD MEMBERS

7-65 SECTION 6.01. Subsection (c), Section 6.411, Tax Code, is
7-66 amended to read as follows:

7-67 (c) Except for communications described by Section
7-68 41.66(f)(3), this [This] section does not apply to communications
7-69 that do not discuss the specific evidence, argument, facts, merits,

8-1 or property involved in a hearing currently pending before the
8-2 appraisal review board or to communications between the board and
8-3 its legal counsel.

8-4 SECTION 6.02. Subsection (f), Section 41.66, Tax Code, is
8-5 amended to read as follows:

8-6 (f) A member of the appraisal review board may not
8-7 communicate with another person concerning:

8-8 (1) the evidence, argument, facts, merits, or any
8-9 other matters related to an owner's protest, except during the
8-10 hearing on the protest; ~~[or]~~

8-11 (2) a property that is the subject of the protest,
8-12 except during a hearing on another protest or other proceeding
8-13 before the board at which the property is compared to other property
8-14 or used in a sample of properties; or

8-15 (3) a factual or hypothetical situation that is
8-16 substantially similar to a situation that is the subject of the
8-17 protest, except during the hearing on the protest.

8-18 SECTION 6.03. (a) The change in law made by this article
8-19 applies only to an offense committed on or after the effective date
8-20 of this article. For purposes of this section, an offense is
8-21 committed before the effective date of this article if any element
8-22 of the offense occurs before that date.

8-23 (b) An offense committed before the effective date of this
8-24 article is covered by the law in effect when the offense was
8-25 committed, and the former law is continued in effect for that
8-26 purpose.

8-27 ARTICLE 7. RESTRICTION ON AUTHORITY OF APPRAISAL REVIEW BOARD TO
8-28 RETAIN LEGAL COUNSEL

8-29 SECTION 7.01. Section 6.43, Tax Code, is amended to read as
8-30 follows:

8-31 Sec. 6.43. PERSONNEL. (a) The appraisal review board may
8-32 employ legal counsel as provided by the district budget or use the
8-33 services of the county attorney and may use the staff of the
8-34 appraisal office for clerical assistance.

8-35 (b) The appraisal review board may not employ or retain a
8-36 person to serve as legal counsel for the board if the person serves
8-37 as legal counsel for the appraisal district or chief appraiser.
8-38 This subsection does not prevent the appraisal review board from
8-39 using the services of the county attorney as authorized by
8-40 Subsection (a).

8-41 ARTICLE 8. PILOT PROGRAM IN CERTAIN COUNTIES

8-42 SECTION 8.01. Chapter 2003, Government Code, is amended by
8-43 adding Subchapter Z to read as follows:

8-44 SUBCHAPTER Z. PILOT PROGRAM: APPEALS FROM APPRAISAL REVIEW BOARD
8-45 DETERMINATIONS IN CERTAIN COUNTIES

8-46 Sec. 2003.901. PILOT PROGRAM. (a) Not later than January
8-47 1, 2010, the office shall develop a pilot program under which, as an
8-48 alternative to filing an appeal under Section 42.01, Tax Code, a
8-49 property owner may appeal to the office an appraisal review board
8-50 order determining a protest concerning the appraised or market
8-51 value of property brought under Section 41.41(a)(1) or (2), Tax
8-52 Code, if the appraised or market value, as applicable, of the
8-53 property that was the subject of the protest, as determined by the
8-54 board order, is more than \$1 million.

8-55 (b) The pilot program shall be developed and implemented in
8-56 conformance with the provisions of this subchapter.

8-57 Sec. 2003.902. COUNTIES INCLUDED. The pilot program shall
8-58 be implemented in Bexar, Dallas, El Paso, Harris, Tarrant, and
8-59 Travis Counties for a three-year period beginning with the ad
8-60 valorem tax year that begins January 1, 2010.

8-61 Sec. 2003.903. APPLICABILITY TO REAL AND PERSONAL PROPERTY.
8-62 The pilot program must be applicable to a determination of the
8-63 appraised or market value made by an appraisal review board in
8-64 connection with real or personal property, other than industrial
8-65 property or minerals.

8-66 Sec. 2003.904. EDUCATION AND TRAINING OF ADMINISTRATIVE LAW
8-67 JUDGES. (a) An administrative law judge assigned to hear an
8-68 appeal brought under this subchapter must have knowledge of:

8-69 (1) each of the appraisal methods a chief appraiser

- 9-1 may use to determine the appraised value or the market value of
 9-2 property under Chapter 23, Tax Code; and
- 9-3 (2) the proper method for determining an appeal of a
 9-4 protest, including a protest brought on the ground of unequal
 9-5 appraisal.
- 9-6 (b) An administrative law judge is entitled to attend one or
 9-7 more training and education courses under Sections 5.04 and 5.041,
 9-8 Tax Code, to receive a copy of the materials used in a course, or
 9-9 both, without charge.
- 9-10 Sec. 2003.905. NOTICE OF APPEAL TO OFFICE. (a) To appeal
 9-11 an appraisal review board order to the office under this
 9-12 subchapter, a property owner must file with the chief appraiser of
 9-13 the appraisal district not later than the 15th day after the date
 9-14 the property owner receives notice of the order:
- 9-15 (1) a completed notice of appeal to the office in the
 9-16 form prescribed by Section 2003.906; and
- 9-17 (2) a filing fee in the amount of \$300, made payable to
 9-18 the office.
- 9-19 (b) As soon as practicable after receipt of a notice of
 9-20 appeal, the chief appraiser for the appraisal district shall:
- 9-21 (1) indicate, where appropriate, those entries in the
 9-22 records that are subject to the appeal;
- 9-23 (2) submit the notice of appeal and filing fee to the
 9-24 office; and
- 9-25 (3) request the appointment of a qualified
 9-26 administrative law judge to hear the appeal.
- 9-27 Sec. 2003.906. CONTENTS OF NOTICE OF APPEAL. The chief
 9-28 administrative law judge by rule shall prescribe the form of a
 9-29 notice of appeal under this subchapter. The form must require the
 9-30 property owner to provide:
- 9-31 (1) a copy of the order of the appraisal review board;
 9-32 (2) a brief statement that explains the basis for the
 9-33 property owner's appeal of the order; and
- 9-34 (3) a statement of the property owner's opinion of the
 9-35 appraised or market value, as applicable, of the property that is
 9-36 the subject of the appeal.
- 9-37 Sec. 2003.907. NOTICE TO PROPERTY OWNERS. An appraisal
 9-38 review board of an appraisal district established in a county
 9-39 listed in Section 2003.902 that delivers notice of issuance of an
 9-40 order described by Section 2003.901 pertaining to property
 9-41 described by Section 2003.903 and a copy of the order to a property
 9-42 owner as required by Section 41.47, Tax Code, shall include with the
 9-43 notice and copy:
- 9-44 (1) a notice of the property owner's rights under this
 9-45 subchapter; and
- 9-46 (2) a copy of the notice of appeal prescribed by
 9-47 Section 2003.906.
- 9-48 Sec. 2003.908. DESIGNATION OF ADMINISTRATIVE LAW JUDGE.
- 9-49 (a) As soon as practicable after the office receives a notice of
 9-50 appeal and the filing fee, the office shall designate an
 9-51 administrative law judge to hear the appeal.
- 9-52 (b) As soon as practicable after the administrative law
 9-53 judge is designated, the administrative law judge shall set the
 9-54 date, time, and place of the hearing on the appeal.
- 9-55 (c) The hearing must be held in a building or facility that
 9-56 is owned or partly or entirely leased by the office and located in
 9-57 the county in which the applicable appraisal district is
 9-58 established, except that if the office does not own or lease a
 9-59 building or facility in the county, the hearing may be held in any
 9-60 public or privately owned building or facility in that county,
 9-61 preferably a building or facility in which the office regularly
 9-62 conducts business. The hearing may not be held in a building or
 9-63 facility that is owned, leased, or under the control of the
 9-64 appraisal district.
- 9-65 Sec. 2003.909. SCOPE OF APPEAL. An appeal is by trial de
 9-66 novo. The administrative law judge may not admit into evidence the
 9-67 fact of previous action by the appraisal review board, except as
 9-68 otherwise provided by this subchapter.
- 9-69 Sec. 2003.910. REPRESENTATION OF PARTIES. (a) A property

10-1 owner may be represented at the hearing by:

- 10-2 (1) the property owner;
 10-3 (2) an attorney who is licensed in this state;
 10-4 (3) a certified public accountant; or
 10-5 (4) any other person who is not otherwise prohibited
 10-6 from appearing in a hearing held by the office.

10-7 (b) The appraisal district may be represented by the chief
 10-8 appraiser or a person designated by the chief appraiser.

10-9 Sec. 2003.911. DETERMINATION OF ADMINISTRATIVE LAW JUDGE.

10-10 (a) As soon as practicable, but not later than the 30th day after
 10-11 the date the hearing is concluded, the administrative law judge
 10-12 shall issue a determination and send a copy to the property owner
 10-13 and the chief appraiser.

10-14 (b) The determination:

10-15 (1) must include a determination of the appraised or
 10-16 market value, as applicable, of the property that is the subject of
 10-17 the appeal;

10-18 (2) must state the administrative law judge's
 10-19 rationale for the determination of value;

10-20 (3) may include any remedy or relief a court may order
 10-21 under Chapter 42, Tax Code, in an appeal relating to the appraised
 10-22 or market value of property; and

10-23 (4) shall specify whether the appraisal district or
 10-24 the property owner is required to pay the costs of the hearing and
 10-25 the amount of those costs.

10-26 (c) If the administrative law judge determines that the
 10-27 appraised or market value, as applicable, of the property that is
 10-28 the subject of the appeal is nearer to the property owner's opinion
 10-29 of the appraised or market value, as applicable, of the property as
 10-30 stated in the request for the hearing submitted by the property
 10-31 owner than the value determined by the appraisal review board:

10-32 (1) the office, on receipt of a copy of the
 10-33 determination, shall refund the property owner's filing fee;

10-34 (2) the appraisal district, on receipt of a copy of the
 10-35 determination, shall pay the costs of the appeal as specified in the
 10-36 determination; and

10-37 (3) the chief appraiser shall correct the appraised or
 10-38 market value, as applicable, of the property as shown in the
 10-39 appraisal roll to reflect the administrative law judge's
 10-40 determination.

10-41 (d) If the administrative law judge determines that the
 10-42 appraised or market value, as applicable, of the property that is
 10-43 the subject of the appeal is not nearer to the property owner's
 10-44 opinion of the appraised or market value, as applicable, of the
 10-45 property as stated in the property owner's request for a hearing
 10-46 than the value determined by the appraisal review board:

10-47 (1) the office, on receipt of a copy of the
 10-48 determination, shall retain the property owner's filing fee;

10-49 (2) the chief appraiser shall correct the appraised or
 10-50 market value, as applicable, of the property as shown in the
 10-51 appraisal roll to reflect the administrative law judge's
 10-52 determination if the value as determined by the administrative law
 10-53 judge is less than the value as determined by the appraisal review
 10-54 board; and

10-55 (3) the property owner shall pay the difference
 10-56 between the costs of the appeal as specified in the determination
 10-57 and the property owner's filing fee.

10-58 (e) Notwithstanding Subsection (a), the office by rule may
 10-59 implement a process under which:

10-60 (1) the administrative law judge issues a proposal for
 10-61 determination to the parties;

10-62 (2) the parties are given a reasonable period in which
 10-63 to make written objections to the proposal; and

10-64 (3) the administrative law judge is authorized to take
 10-65 into account those written objections before issuing a final
 10-66 determination.

10-67 Sec. 2003.912. PAYMENT OF TAXES PENDING APPEAL. (a) The
 10-68 pendency of an appeal to the office does not affect the delinquency
 10-69 date for the taxes on the property subject to the appeal. A

11-1 property owner who appeals an appraisal review board order to the
11-2 office shall pay taxes on the property subject to the appeal in an
11-3 amount equal to the amount of taxes due on the portion of the
11-4 taxable value of the property that is not in dispute. If the final
11-5 determination of the appeal decreases the property owner's tax
11-6 liability to an amount less than the amount of taxes paid, each
11-7 taxing unit shall refund to the property owner the difference
11-8 between the amount of taxes paid and the amount of taxes for which
11-9 the property owner is liable.

11-10 (b) A property owner may not appeal to the office if the
11-11 taxes on the property subject to the appeal are delinquent. An
11-12 administrative law judge who determines that the taxes on the
11-13 property subject to an appeal are delinquent shall dismiss the
11-14 pending appeal with prejudice. If an appeal is dismissed under this
11-15 subsection, the office shall retain the property owner's filing
11-16 fee.

11-17 Sec. 2003.913. JUDICIAL APPEAL. (a) A final order of an
11-18 administrative law judge determining an appeal brought under this
11-19 subchapter may be appealed to a district court in the manner
11-20 provided by Chapter 42, Tax Code, except that a party is not
11-21 entitled to a jury trial.

11-22 (b) A chief appraiser may not bring an appeal unless the
11-23 board of directors of the appraisal district votes to allow the
11-24 appeal.

11-25 (c) Except as provided by Subsection (a), to the extent that
11-26 they can be made applicable, the provisions of Chapter 42, Tax Code,
11-27 also apply to an appeal of a final order of an administrative law
11-28 judge determining an appeal brought under this subchapter.

11-29 Sec. 2003.914. EFFECT ON RIGHT TO JUDICIAL APPEAL. An
11-30 appeal to the office under this subchapter does not prevent the
11-31 property owner from seeking judicial review of the order of the
11-32 appraisal review board. The period in which a petition for review
11-33 must be filed under Section 42.21, Tax Code, is tolled beginning on
11-34 the date the notice of appeal under this subchapter is filed and
11-35 ending on the date the administrative law judge issues the judge's
11-36 determination.

11-37 Sec. 2003.915. REPORT TO LEGISLATURE. Not later than
11-38 January 1, 2013, the office and the chief appraisers of the
11-39 appraisal districts established in the counties in which the pilot
11-40 program is implemented shall submit a report to the legislature
11-41 that includes:

11-42 (1) the number of appeals for property in each
11-43 appraisal district;

11-44 (2) the number of appeals that were settled before
11-45 being heard by an administrative law judge;

11-46 (3) the number of appeals brought on the ground of
11-47 excessive appraisal;

11-48 (4) the number of appeals brought on the ground of
11-49 unequal appraisal;

11-50 (5) the number of judicial appeals of an
11-51 administrative law judge's determination for each appraisal
11-52 district; and

11-53 (6) any recommendations for future legislative action
11-54 that the office or the chief appraisers consider appropriate.

11-55 Sec. 2003.916. EXPIRATION. This subchapter expires January
11-56 1, 2013.

ARTICLE 9. APPLICABILITY; EFFECTIVE DATE

11-58 SECTION 9.01. This Act applies only to an ad valorem tax
11-59 year that begins on or after the effective date of this Act.

11-60 SECTION 9.02. This Act takes effect January 1, 2010.

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