

By: Price

H.B. No. 2529

A BILL TO BE ENTITLED

AN ACT

relating to the administration of appraisal districts.

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

SECTION 1. Section 1.15, Tax Code, is amended to read as follows:

Sec. 1.15. APPRAISERS FOR TAXING UNITS PROHIBITED. A taxing unit may not employ any person for the purpose of appraising property for taxation purposes ~~[except to the extent necessary to perform a contract under Section 6.05(b) of this code]~~.

SECTION 2. Sections 5.12(d), (e), and (h), Tax Code, are amended to read as follows:

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

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

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

(3) the difference between the highest and lowest

1 median levels of appraisal in the district for the classes of
2 property for which the comptroller determines a median level of
3 appraisal is less than 0.20.

4 (e) A request for a performance audit of an appraisal
5 district may not be made under Subsection [~~(b) or~~] (c):

6 (1) during the two years immediately following the
7 publication of the second of two consecutive studies according to
8 which the comptroller is required to conduct an audit of the
9 district under Subsection (a);

10 (2) during the year immediately following the date the
11 results of an audit of the district conducted by the comptroller
12 under Subsection (a) are reported to the chief appraiser of the
13 district; or

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

16 (h) In addition to the performance audits required by
17 Subsections (a) [~~, (b),~~] and (c) and the review of appraisal
18 standards required by Section 5.102, the comptroller may audit an
19 appraisal district to analyze the effectiveness and efficiency of
20 the policies, management, and operations of the appraisal district.
21 The results of the audit shall be delivered in a report that details
22 the comptroller's findings and recommendations for improvement to
23 the appraisal district's chief appraiser and board of directors and
24 the governing body of each taxing unit participating in the
25 appraisal district. The comptroller may require reimbursement by
26 the appraisal district for some or all of the costs of the audit,
27 not to exceed the actual costs associated with conducting the

1 audit.

2 SECTION 3. Sections 5.13(a), (g), and (h), Tax Code, are
3 amended to read as follows:

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

10 (g) If the audit is required [~~or requested~~] under Section
11 5.12(a) [~~or (b) of this code~~], the appraisal district shall
12 reimburse the comptroller for the costs incurred in conducting the
13 audit and making its report of the audit. The costs shall be
14 allocated among the taxing units participating in the district in
15 the same manner as an operating expense of the district. If the
16 audit is requested under Section 5.12(c) [~~of this code~~], the
17 property owners who requested the audit shall reimburse the
18 comptroller for the costs incurred in conducting the audit and
19 making its report of the audit and shall allocate the costs among
20 those property owners in proportion to the appraised value of each
21 property owner's property in the district or on such other basis as
22 the property owners may agree. If the audit confirms that the
23 median level of appraisal for a class of property exceeds 1.10 or
24 that the median level of appraisal for a class of property varies at
25 least 10 percent from the overall median level of appraisal for all
26 property in the district for which the comptroller determines a
27 median level of appraisal, within 90 days after the date a request

1 is made by the property owners for reimbursement the appraisal
 2 district shall reimburse the property owners who requested the
 3 audit for the amount paid to the comptroller for the costs incurred
 4 in conducting the audit and making the report. Before conducting an
 5 audit under Section 5.12(c), the comptroller may require the
 6 requesting ~~[taxing units or]~~ property owners to provide the
 7 comptroller with a bond, deposit, or other financial security
 8 sufficient to cover the expected costs of conducting the audit and
 9 making the report. For purposes of this subsection, "costs"
 10 include expenses related to salaries, professional fees, travel,
 11 reproduction or other printing services, and consumable supplies
 12 that are directly attributable to conducting the audit.

13 (h) At any time after the request for an audit is made, the
 14 comptroller may discontinue the audit in whole or in part if
 15 requested to do so by the taxpayers who requested the audit under
 16 Section 5.12(c) [~~+~~

17 ~~[(1) the governing bodies of a majority of the taxing~~
 18 ~~units participating in the district, if the audit was requested by a~~
 19 ~~majority of those units,~~

20 ~~[(2) the governing bodies of a majority of the taxing~~
 21 ~~units entitled to vote on the appointment of appraisal district~~
 22 ~~directors, if the audit was requested by a majority of those units,~~
 23 ~~or~~

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

26 SECTION 4. Section 6.03, Tax Code, is amended by amending
 27 Subsections (a), (b), (c), (d), and (l) and adding Subsection (a-1)

to read as follows:

(a) The appraisal district is governed by a board of five directors. Four ~~[Five]~~ directors are appointed by the commissioners court of the county in which the appraisal district is established ~~[taxing units that participate in the district as provided by this section]~~. The ~~[If the county assessor-collector is not appointed to the board, the]~~ county assessor-collector serves as a nonvoting director by virtue of the person's office. ~~[The county assessor-collector is ineligible to serve if the board enters into a contract under Section 6.05(b) or if the commissioners court of the county enters into a contract under Section 6.24(b).]~~

(a-1) To be eligible to serve on the board of directors, an individual other than the ~~[a]~~ county assessor-collector ~~[serving as a nonvoting director]~~ must be a resident of the appraisal district and must have resided in the district for at least two years immediately preceding the date the individual takes office. ~~[An individual who is otherwise eligible to serve on the board is not ineligible because of membership on the governing body of a taxing unit. An employee of a taxing unit that participates in the district is not eligible to serve on the board unless the individual is also a member of the governing body or an elected official of a taxing unit that participates in the district.]~~

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

(c) Subsection (a) does not preclude the boards of directors

1 of two or more adjoining appraisal districts that have provided for
2 the operation of a consolidated appraisal district by interlocal
3 contract as provided by Section 6.02(b) from providing for the
4 operation of a consolidated board of directors by interlocal
5 contract. In that event, four directors are appointed by the
6 commissioners court of each county for which the consolidated
7 appraisal district is established. The county assessor-collectors
8 for each of the counties for which the consolidated appraisal
9 district is established shall rotate service as nonvoting directors
10 as provided by Subsection (d). The directors serve two-year terms
11 beginning on January 1 of even-numbered years ~~[Members of the board~~
12 ~~of directors other than a county assessor-collector serving as a~~
13 ~~nonvoting director are appointed by vote of the governing bodies of~~
14 ~~the incorporated cities and towns, the school districts, and, if~~
15 ~~entitled to vote, the conservation and reclamation districts that~~
16 ~~participate in the district and of the county. A governing body may~~
17 ~~cast all its votes for one candidate or distribute them among~~
18 ~~candidates for any number of directorships. Conservation and~~
19 ~~reclamation districts are not entitled to vote unless at least one~~
20 ~~conservation and reclamation district in the district delivers to~~
21 ~~the chief appraiser a written request to nominate and vote on the~~
22 ~~board of directors by June 1 of each odd-numbered year. On receipt~~
23 ~~of a request, the chief appraiser shall certify a list by June 15 of~~
24 ~~all eligible conservation and reclamation districts that are~~
25 ~~imposing taxes and that participate in the district].~~

26 (d) The position on the board of directors of a consolidated
27 appraisal district held by a county assessor-collector rotates

1 every two years among the county assessor-collectors for each
2 county for which the consolidated appraisal district is established
3 so that the county assessor-collector for each appraisal district
4 serves as a director. The rotation begins with the county
5 assessor-collector of the county with the largest population,
6 followed by the county assessor-collectors of each of the other
7 counties for which the consolidated appraisal district is
8 established in order of descending population [~~The voting~~
9 ~~entitlement of a taxing unit that is entitled to vote for directors~~
10 ~~is determined by dividing the total dollar amount of property taxes~~
11 ~~imposed in the district by the taxing unit for the preceding tax~~
12 ~~year by the sum of the total dollar amount of property taxes imposed~~
13 ~~in the district for that year by each taxing unit that is entitled~~
14 ~~to vote, by multiplying the quotient by 1,000, and by rounding the~~
15 ~~product to the nearest whole number. That number is multiplied by~~
16 ~~the number of directorships to be filled. A taxing unit~~
17 ~~participating in two or more districts is entitled to vote in each~~
18 ~~district in which it participates, but only the taxes imposed in a~~
19 ~~district are used to calculate voting entitlement in that~~
20 ~~district~~].

21 (1) A [~~If a~~] vacancy [~~occurs~~] on the board of directors
22 other than a vacancy in the position held by the [~~a~~] county
23 assessor-collector is filled for the remainder of the unexpired
24 term by appointment by the commissioners court of the county from
25 which the director who created the vacancy was appointed [~~serving~~
26 ~~as a nonvoting director, each taxing unit that is entitled to vote~~
27 ~~by this section may nominate by resolution adopted by its governing~~

1 ~~body a candidate to fill the vacancy. The unit shall submit the~~
2 ~~name of its nominee to the chief appraiser within 45 days after~~
3 ~~notification from the board of directors of the existence of the~~
4 ~~vacancy, and the chief appraiser shall prepare and deliver to the~~
5 ~~board of directors within the next five days a list of the nominees.~~
6 ~~The board of directors shall elect by majority vote of its members~~
7 ~~one of the nominees to fill the vacancy].~~

8 SECTION 5. Section 6.036(a), Tax Code, is amended to read as
9 follows:

10 (a) An individual is not eligible to be appointed to or to
11 serve on the board of directors of an appraisal district if [~~the~~
12 ~~individual or a business entity in which the individual has a~~
13 ~~substantial interest is a party to a contract with~~]:

14 (1) the individual or a business entity in which the
15 individual has a substantial interest is a party to a contract with
16 the appraisal district; [~~or~~]

17 (2) the individual or a business entity in which the
18 individual has a substantial interest is a party to a contract with
19 a taxing unit that participates in the appraisal district, if the
20 contract relates to the performance of an activity governed by this
21 title; or

22 (3) the individual is an employee of a taxing unit.

23 SECTION 6. Section 6.04(a), Tax Code, is amended to read as
24 follows:

25 (a) A majority of the appraisal district board of directors
26 constitutes a quorum. The county assessor-collector serving as a
27 director is the chairman of the board. At its first meeting each

1 calendar year, the board shall elect from its members a [~~chairman~~
2 ~~and a~~] secretary.

3 SECTION 7. Sections 6.05(a) and (c), Tax Code, are amended
4 to read as follows:

5 (a) Each [~~Except as authorized by Subsection (b) of this~~
6 ~~section, each~~] appraisal district shall establish an appraisal
7 office. The appraisal office must be located in the county for
8 which the district is established. An appraisal district may
9 establish branch appraisal offices outside the county for which the
10 district is established.

11 (c) The chief appraiser is the chief administrator of the
12 appraisal office. The chief appraiser is appointed by and serves at
13 the pleasure of the appraisal district board of directors. [~~If a~~
14 ~~taxing unit performs the duties of the appraisal office pursuant to~~
15 ~~a contract, the assessor for the unit is the chief appraiser.~~]

16 SECTION 8. Sections 6.051(a) and (c), Tax Code, are amended
17 to read as follows:

18 (a) The board of directors of an appraisal district may:

19 (1) purchase or lease real property and may construct
20 improvements as necessary to establish and operate the appraisal
21 office or a branch appraisal office;

22 (2) acquire or convey real property; and

23 (3) construct or renovate a building or other
24 improvement.

25 (c) The board of directors may convey real property owned by
26 the district, and the proceeds shall be credited to each taxing unit
27 that participates in the district in proportion to the unit's

1 allocation of the appraisal district budget in the year in which the
 2 transaction occurs. Any ~~[A conveyance must be approved as provided~~
 3 ~~by Subsection (b) of this section, and any]~~ proceeds shall be
 4 apportioned by an amendment to the annual budget made as provided by
 5 Subsection (c) of Section 6.06 ~~[of this code]~~.

6 SECTION 9. Sections 6.06(a), (b), (e), and (i), Tax Code,
 7 are amended to read as follows:

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

20 (b) The board of directors shall hold a public hearing to
 21 consider the budget. The secretary of the board shall deliver to
 22 the presiding officer of the governing body of each taxing unit
 23 participating in the district not later than the 10th day before the
 24 date of the hearing a written notice of the date, time, and place
 25 fixed for the hearing. The board shall complete its hearings, make
 26 any amendments to the proposed budget it desires, and finally
 27 approve a budget before September 15. ~~[If governing bodies of a~~

~~majority of the taxing units entitled to vote on the appointment of board members adopt resolutions disapproving a budget and file them with the secretary of the board within 30 days after its adoption, the budget does not take effect, and the board shall adopt a new budget within 30 days of the disapproval.]~~

(e) Each ~~[Unless the governing body of a unit and the chief appraiser agree to a different method of payment, each]~~ taxing unit shall pay its allocation in four equal payments to be made at the end of each calendar quarter, and the first payment shall be made before January 1 of the year in which the budget takes effect. A payment is delinquent if not paid on the date it is due. A delinquent payment incurs a penalty of 5 percent of the amount of the payment and accrues interest at an annual rate of 10 percent. If the budget is amended, any change in the amount of a unit's allocation is apportioned among the payments remaining.

(i) The fiscal year of an appraisal district is the calendar year ~~[unless the governing bodies of three-fourths of the taxing units entitled to vote on the appointment of board members adopt resolutions proposing a different fiscal year and file them with the secretary of the board not more than 12 and not less than eight months before the first day of the fiscal year proposed by the resolutions. If the fiscal year of an appraisal district is changed under this subsection, the chief appraiser shall prepare a proposed budget for the fiscal year as provided by Subsection (a) of this section before the 15th day of the seventh month preceding the first day of the fiscal year established by the change, and the board of directors shall adopt a budget for the fiscal year as provided by~~

~~Subsection (b) of this section before the 15th day of the fourth month preceding the first day of the fiscal year established by the change. Unless the appraisal district adopts a different method of allocation under Section 6.061 of this code, the allocation of the budget to each taxing unit shall be calculated as provided by Subsection (d) of this section using the amount of property taxes imposed by each participating taxing unit in the most recent tax year preceding the fiscal year established by the change for which the necessary information is available. Each taxing unit shall pay its allocation as provided by Subsection (e) of this section, except that the first payment shall be made before the first day of the fiscal year established by the change and subsequent payments shall be made quarterly. In the year in which a change in the fiscal year occurs, the budget that takes effect on January 1 of that year may be amended as necessary as provided by Subsection (c) of this section in order to accomplish the change in fiscal years].~~

SECTION 10. Sections 6.061(a) and (e), Tax Code, are amended to read as follows:

(a) The board of directors of an appraisal district, by resolution adopted and delivered to each taxing unit participating in the district after June 15 and before August 15, may prescribe a different method of allocating the costs of operating the district ~~[unless the governing body of any taxing unit that participates in the district adopts a resolution opposing the different method, and files it with the board of directors before September 1. If a board proposal is rejected, the board shall notify, in writing, each taxing unit participating in the district before September 15].~~

1 (e) A change in allocation of district costs made as
2 provided by this section remains in effect until changed in a manner
3 provided by this section or rescinded by resolution of the board of
4 directors [~~a majority of the governing bodies that are entitled to~~
5 ~~vote on appointment of board members under Section 6.03 of this~~
6 ~~code~~].

7 SECTION 11. Section 6.062(c), Tax Code, is amended to read
8 as follows:

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

19 SECTION 12. Section 6.063(b), Tax Code, is amended to read
20 as follows:

21 (b) The report of the audit is a public record. A [~~copy of~~
22 ~~the report shall be delivered to the presiding officer of the~~
23 ~~governing body of each taxing unit eligible to vote on the~~
24 ~~appointment of district directors, and a~~] reasonable number of
25 copies shall be available for inspection at the appraisal office.

26 SECTION 13. The following provisions of the Tax Code are
27 repealed:

- 1 (1) Section 5.042(c);
- 2 (2) Section 5.12(b);
- 3 (3) Sections 6.03(e), (f), (g), (h), (i), (j), and
- 4 (k);
- 5 (4) Section 6.031;
- 6 (5) Section 6.033;
- 7 (6) Section 6.034;
- 8 (7) Section 6.037;
- 9 (8) Section 6.05(b);
- 10 (9) Sections 6.051(b) and (d);
- 11 (10) Sections 6.061(b), (c), and (d); and
- 12 (11) Section 6.10.

13 SECTION 14. (a) Four directors shall be appointed in each
14 appraisal district by the commissioners court of the county in
15 which the appraisal district is established as provided by Section
16 6.03, Tax Code, as amended by this Act, to serve terms that begin
17 January 1, 2012.

18 (b) The change in law made by this Act does not affect the
19 selection of appraisal district directors serving before January 1,
20 2012.

21 (c) The term of an appraisal district director serving on
22 December 31, 2011, expires on January 1, 2012.

23 SECTION 15. (a) Except as provided by Subsection (b) of
24 this section, this Act takes effect January 1, 2012.

25 (b) This section and Section 14 of this Act take effect
26 September 1, 2011.