

BILL ANALYSIS

C.S.H.B. 2224
By: Hilderbran
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties note that the professional valuation of property in accordance with accepted, standard methods and procedures is essential for equal and uniform taxation. Without it, taxpayers cannot be confident of equitable taxation. The chief appraiser of an appraisal district is the official charged with establishing the value of all property in the county that is subject to taxation by all taxing jurisdictions in that county.

The parties also note that current law requires a chief appraiser to register with the Texas Department of Licensing and Regulation and to achieve certification as a registered professional appraiser within a certain period following registration, and that, depending on the rate of turnover in the chief appraiser position, it is conceivable that an appraisal district could be operated indefinitely without a qualified professional at the helm. Recent reviews indicate that the absence of a registered professional appraiser serving as chief appraiser is a significant contributor to an appraisal district's poor performance.

C.S.H.B. 2224 seeks to ensure that the official charged with the valuation of property and the certification of tax rolls for all taxing jurisdictions in each county will be a qualified professional by imposing new professional certification and continuing education requirements on a chief appraiser.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Texas Commission of Licensing and Regulation in SECTIONS 1 and 4 of this bill.

ANALYSIS

C.S.H.B. 2224 amends the Occupations Code to require the Texas Commission of Licensing and Regulation by rule, as part of the continuing education requirements for a registered professional appraiser who is the chief appraiser of an appraisal district and not later than January 1, 2014, to require a registrant to complete at least half of the required hours in a program devoted to one or more of the topics listed in the chief appraiser training program implemented by the Texas Department of Licensing and Regulation (TDLR) and at least two of the required hours in a program of professional ethics specific to the chief appraiser of an appraisal district, including a program on the importance of maintaining the independence of the appraisal office from political pressure.

C.S.H.B. 2224 amends the Tax Code to require a person, in order to be eligible to be appointed or to serve as a chief appraiser, to be certified as a registered professional appraiser, possess an MAI professional designation from the Appraisal Institute, or possess an Assessment Administration Specialist (AAS), Certified Assessment Evaluator (CAE), or Residential Evaluation Specialist (RES) professional designation from the International Association of Assessing Officers. The bill requires a person who is eligible to be appointed or serve as a chief appraiser by having such a professional designation to become certified as a registered

professional appraiser not later than the fifth anniversary of the date the person is appointed or begins to serve as chief appraiser. The bill prohibits a chief appraiser who is not eligible to be appointed or to serve from performing an action authorized or required by law to be performed by a chief appraiser, including the preparation, certification, or submission of any part of the appraisal roll. The bill requires a chief appraiser, not later than January 1 of each year, to notify the comptroller of public accounts in writing that the chief appraiser is either eligible to be appointed or serve as the chief appraiser or not eligible to be appointed or serve as the chief appraiser.

C.S.H.B. 2224 requires the comptroller to appoint a person eligible to be a chief appraiser under the bill's provisions or a person who has previously been appointed or served as a chief appraiser to perform the duties of chief appraiser for an appraisal district whose chief appraiser is ineligible to serve. The bill establishes that a chief appraiser appointed in this manner serves until the earlier of the first anniversary of the date the comptroller makes the appointment or the date the board of directors of the appraisal district appoints a chief appraiser or contracts with an appraisal district or a taxing unit to perform the duties of the appraisal office for the district.

C.S.H.B. 2224 requires the comptroller to determine the compensation of a chief appraiser appointed under the bill's provisions and requires the chief appraiser to determine the budget necessary for adequate operation of the appraisal office, subject to the approval of the comptroller. The bill requires the board of directors of the appraisal district to amend the budget as necessary to compensate the appointed chief appraiser and to fund the appraisal office as determined by the chief appraiser. The bill requires an appraisal district that does not appoint a chief appraiser or contract with an appraisal district or a taxing unit to perform the duties of the appraisal office by the first anniversary of the date the comptroller appoints a chief appraiser to contract with an appraisal district or a taxing unit to perform the duties of the appraisal office or with a qualified public or private entity to perform the duties of the chief appraiser, subject to the approval of the comptroller.

C.S.H.B. 2224 authorizes a person appointed or serving as a chief appraiser in an appraisal district established in a county with a population of 100,000 or less on the bill's effective date who is not eligible to be appointed or serve as a chief appraiser under the bill's provisions but who is registered with TDLR and classified as a Class III appraiser under the commission's rules to continue to serve as the chief appraiser until January 1, 2016.

EFFECTIVE DATE

January 1, 2014.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2224 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED	HOUSE COMMITTEE SUBSTITUTE
SECTION 1. Section 1151.1581, Occupations Code, is amended.	SECTION 1. Same as introduced version.
SECTION 2. Subchapter F, Chapter 1151, Occupations Code, is amended by adding Section 1151.254 to read as follows: <u>Sec. 1151.254. PROHIBITED ACTIONS OF CHIEF APPRAISER.</u> (a) A person who	No equivalent provision.

is appointed or serves as the chief appraiser of an appraisal district who is not certified as a registered professional appraiser under this chapter commits an offense if the person performs an action authorized or required by law to be performed by a chief appraiser of an appraisal district.
(b) An offense under this section is a Class A misdemeanor.

SECTION 3. Sections 6.05(c) and (d), Tax Code, are amended to read as follows:
(c) The chief appraiser is the chief administrator of the appraisal office. Except as provided by Section 6.0501, the [The] chief appraiser is appointed by and serves at the pleasure of the appraisal district board of directors. If a taxing unit performs the duties of the appraisal office pursuant to a contract, the assessor for the unit is the chief appraiser. To be eligible to be appointed or serve as a chief appraiser, a person must be certified as a registered professional appraiser under Section 1151.160, Occupations Code.

A chief appraiser who is not eligible to be appointed or serve as chief appraiser may not perform an action authorized or required by law to be performed by a chief appraiser, including the preparation, certification, or submission of any part of the appraisal roll.

(d) Except as provided by Section 6.0501, the [The] chief appraiser is entitled to

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(d) Except as provided by Section 6.0501, the [The] chief appraiser is entitled to

compensation as provided by the budget adopted by the board of directors. The chief appraiser's compensation may not be directly or indirectly linked to an increase in the total market, appraised, or taxable value of property in the appraisal district. Except as provided by Section 6.0501, the [The] chief appraiser may employ and compensate professional, clerical, and other personnel as provided by the budget, with the exception of a general counsel to the appraisal district.

SECTION 4. Subchapter A, Chapter 6, Tax Code, is amended by adding Section 6.0501 to read as follows:

Sec. 6.0501. APPOINTMENT OF ELIGIBLE CHIEF APPRAISER BY COMPTROLLER. (a) The comptroller shall appoint a person eligible to be a chief appraiser under Section 6.05(c) to perform the duties of chief appraiser for an appraisal district whose chief appraiser is ineligible to serve.

(b) A chief appraiser appointed under this section serves until the earlier of:

(1) the first anniversary of the date the comptroller appoints the chief appraiser; or
(2) the date the board of directors of the appraisal district:

(A) appoints a chief appraiser under Section 6.05(c); or

(B) contracts with a taxing unit to perform the duties of the appraisal office for the district under Section 6.05(b).

(c) The comptroller shall determine the compensation of a chief appraiser appointed under this section. A chief appraiser appointed under this section shall determine the budget necessary for the adequate operation of the appraisal office, subject to the approval of the comptroller. The board of directors of the appraisal district shall amend the budget as necessary to compensate the appointed chief appraiser and fund the appraisal office as determined under this subsection.

(d) An appraisal district that does not appoint a chief appraiser or contract with an appraisal district to perform the duties of the appraisal office by the first anniversary of the date that the comptroller appoints a chief appraiser shall contract with an appraisal

compensation as provided by the budget adopted by the board of directors. The chief appraiser's compensation may not be directly or indirectly linked to an increase in the total market, appraised, or taxable value of property in the appraisal district. Except as provided by Section 6.0501, the [The] chief appraiser may employ and compensate professional, clerical, and other personnel as provided by the budget, with the exception of a general counsel to the appraisal district.

SECTION 3. Subchapter A, Chapter 6, Tax Code, is amended by adding Section 6.0501 to read as follows:

Sec. 6.0501. APPOINTMENT OF ELIGIBLE CHIEF APPRAISER BY COMPTROLLER. (a) The comptroller shall appoint a person eligible to be a chief appraiser under Section 6.05(c) or a person who has previously been appointed or served as a chief appraiser to perform the duties of chief appraiser for an appraisal district whose chief appraiser is ineligible to serve.

(b) A chief appraiser appointed under this section serves until the earlier of:

(1) the first anniversary of the date the comptroller appoints the chief appraiser; or
(2) the date the board of directors of the appraisal district:

(A) appoints a chief appraiser under Section 6.05(c); or

(B) contracts with an appraisal district or a taxing unit to perform the duties of the appraisal office for the district under Section 6.05(b).

(c) The comptroller shall determine the compensation of a chief appraiser appointed under this section. A chief appraiser appointed under this section shall determine the budget necessary for the adequate operation of the appraisal office, subject to the approval of the comptroller. The board of directors of the appraisal district shall amend the budget as necessary to compensate the appointed chief appraiser and fund the appraisal office as determined under this subsection.

(d) An appraisal district that does not appoint a chief appraiser or contract with an appraisal district or a taxing unit to perform the duties of the appraisal office by the first anniversary of the date the comptroller appoints a chief appraiser shall contract with

district to perform the duties of the appraisal office or with a qualified public or private entity to perform the duties of the chief appraiser, subject to the approval of the comptroller.

SECTION 5. The Texas Commission of Licensing and Regulation shall adopt the rules required by Section 1151.1581(f), Occupations Code, as added by this Act, not later than January 1, 2014.

SECTION 6. A person appointed or serving as a chief appraiser in an appraisal district established in a county with a population of 100,000 or less on the effective date of this Act who is not certified as a registered professional appraiser under Chapter 1151, Occupations Code, but who is registered with the Texas Department of Licensing and Regulation and classified as a Class III appraiser under the rules of the Texas Commission of Licensing and Regulation may continue to serve as the chief appraiser until January 1, 2016.

SECTION 7. This Act takes effect January 1, 2014.

an appraisal district or a taxing unit to perform the duties of the appraisal office or with a qualified public or private entity to perform the duties of the chief appraiser, subject to the approval of the comptroller.

SECTION 4. Same as introduced version.

SECTION 5. A person appointed or serving as a chief appraiser in an appraisal district established in a county with a population of 100,000 or less on the effective date of this Act who is not eligible to be appointed or serve as a chief appraiser under Section 6.05(c), Tax Code, as amended by this Act, but who is registered with the Texas Department of Licensing and Regulation and classified as a Class III appraiser under the rules of the Texas Commission of Licensing and Regulation may continue to serve as the chief appraiser until January 1, 2016.

SECTION 6. Same as introduced version.