

BILL ANALYSIS

Senate Research Center
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S.B. 1536
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Appraisal boards responsible for determining the value of property for the purposes of levying property taxes, are currently composed of five members, selected by taxing entities. This gives the entities who have a vested interest in property values increasing sole control of the ability to raise the taxable values of property, separating that decision from the representation we hold necessary for taxation.

S.B. 1536 increases the size of an appraisal board from five members to six members. Three of these members will be selected through the current system of selection, and three will be elected by the voters within that district.

Currently, taxing entities have sole control over the values of the property they tax, which has led to a steady rise in taxable values of property. These ever increasing taxable values of property result in a backdoor tax increase, and the taxpayers should be given some level of representation on that board. S.B. 1536 gives a voice to the taxpayer as to the evaluation of their property for levying property taxes. By balancing the interests of the taxing entities with those of the tax payers, S.B. 1536 will allow for all voices to be heard in establishing taxable values, bringing more representation to property taxation.

As proposed, S.B. 1536 amends current law relating to the selection of the board of directors of an appraisal district; authorizing a fee.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 6.03, Tax Code, by amending Subsections (a), (b), (c), (k), and (l) and adding Subsections (a-1), (a-2), and (m), as follows:

(a) Provides that the appraisal district is governed by a board of six directors. Provides that three directors are elected at the general election for state and county officers by the voters of the county in which the district is established, and three, rather than five, directors are appointed by the taxing units that participate in the district as provided by this section.

(a-1) Creates this subsection from existing text. Provides that the county assessor-collector, if the county assessor-collector is not appointed to the board of directors, serves as a nonvoting director.

(a-2) Creates this subsection from existing text. Requires an individual, other than a county assessor-collector serving as a nonvoting director, to be eligible to serve on the board of directors, to be a resident of the appraisal district and to have resided in the district for at least two years immediately preceding the date the individual takes office. Requires an individual, to be eligible to be elected to the board, to be a resident of the county in which the district is established. Provides that an individual who is otherwise

eligible to serve on the board as a member appointed by the taxing units participating in the district is not ineligible because of membership on the governing body of a taxing unit. Provides that an employee of a taxing unit that participates in the district is not eligible to serve on the board as a member appointed by the taxing units participating in the district 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) Provides that members of the board of directors, other than a county assessor-collector serving as a nonvoting director, serve two-year terms, rather than serve two-year terms beginning on January 1 of even-numbered years. Provides that the terms of directors elected at a general election begin on January 1 of odd-numbered years. Provides that the terms of directors appointed by the taxing units begin on January 1 of even-numbered years.

(c) Provides that members of the board of directors, other than a county assessor-collector serving as a nonvoting director and other than the elected members, are appointed by vote of the governing bodies of the incorporated cities and towns, the school districts, the junior college districts, and, if entitled to vote, the conservation and reclamation districts that participate in the district and of the county.

(k) Requires the chief appraiser to count the votes, declare the three, rather than five, candidates who receive the largest cumulative vote totals appointed, rather than elected, and submit the results before December 31 to the governing body of each taxing unit in the district and to the candidates.

(l) Authorizes each taxing unit that is entitled to vote by this section, if a vacancy occurs in an appointive position on the board of directors, other than a vacancy in the position held by a county assessor-collector serving as a nonvoting director, to nominate by resolution adopted by its governing body a candidate to fill the vacancy. Requires the board of directors to appoint, rather than elect, by majority vote of its members one of the nominees to fill the vacancy.

(m) Requires the board of directors, if a vacancy occurs in an elective position on the board of directors, to appoint by majority vote of its members a person to fill the vacancy. Requires a person appointed to fill a vacancy in an elective position to have the qualifications required of a director elected at a general election.

SECTION 2. Amends Section 6.031, Tax Code, as follows:

Sec. 6.031. New Heading: CHANGES IN BOARD MEMBERSHIP. (a) Authorizes the board of directors of an appraisal district, by resolution adopted and delivered to each taxing unit participating in the district before May 15, rather than before August 15, to increase the number of members on the board of directors of the district to an even number that is not more than 14, rather than 13, or change the method or procedure for appointing the members appointed by the taxing units participating in the district, or both, unless the governing body of a taxing unit that is entitled to vote on the appointment of board members adopts a resolution opposing the change in the method or procedure for appointing those members and files it with the board of directors before June 1, rather than before September 1. Requires the board, if a change in the method or procedure for appointing those members is rejected, to notify, in writing, each taxing unit participating in the district before June 15, rather than before September 15.

(b) Authorizes the taxing units participating in an appraisal district to increase the number of members on the board of directors of the district to an even number that is not more than 14, rather than 13, or change the method or procedure for appointing the members appointed by the taxing units participating in the district, or both, if the governing bodies of three-fourths of the taxing units that are entitled to vote on the appointment of board members adopt resolutions providing for the change. Provides that a change under this subsection in the method or procedure for selecting members appointed by the taxing units participating in the

district, however, is not valid if it reduces the voting entitlement of one or more taxing units that do not adopt a resolution proposing it to less than a majority of the voting entitlement under Section 6.03 (Board of Directors) or if it reduces the voting entitlement of any taxing unit that does not adopt a resolution proposing it to less than 50 percent of its voting entitlement under Section 6.03 and if that taxing unit's allocation of the budget is not reduced to the same proportional percentage amount, or if it expands the types of taxing units that are entitled to vote on appointment of board members. Makes nonsubstantive changes.

(b-1) Requires the board of directors by resolution, if an appraisal district increases the number of members on the board of directors of the district or changes the method or procedure for appointing the members appointed by the taxing units participating in the district as provided by this section, to provide for the junior college districts that participate in the appraisal district to collectively participate in the selection of those directors in the same manner as the school district that imposes the lowest total dollar amount of property taxes in the appraisal district among all of the school districts with representation in the appraisal district.

(c) Requires that an official copy of a resolution under Subsection (b) be filed with the chief appraiser of the appraisal district after May 30 and before August 1 or the resolution is ineffective, rather than requires that an official copy of a resolution under this section be filed with the chief appraiser of the appraisal district after June 30 and before October 1 of a year in which board members are appointed or the resolution is ineffective.

(d) Requires the chief appraiser, before August 15, rather than before October 5 of each year in which board members are appointed, to determine whether a sufficient number of eligible taxing units have filed valid resolutions proposing a change under Subsection (b) for the change to take effect. Requires the chief appraiser to notify each taxing unit participating in the district of each change that is adopted before August 30, rather than October 10. Provides that a change in the method or procedure for selecting members appointed by the taxing units participating in the district that is adopted takes effect on the date the chief appraiser notifies the taxing units of the change. Provides that an increase in the number of members of the board takes effect on January 1 of the first year after the date the chief appraiser notifies the taxing units of the increase.

(e) Requires that one-half of the total number of positions on the board, if the number of members of the board is increased under this section, be elective positions filled in the manner provided by Section 6.03.

(f) Provides that a change in selection of the board members appointed by the taxing units participating in the district, rather than a change in membership or selection, made as provided by this section remains in effect until changed in a manner provided by this section or rescinded by resolution of a majority of the governing bodies that are entitled to vote on appointment of board members under Section 6.03. Makes a nonsubstantive change.

(g) and (h) Makes nonsubstantive changes to these subsections.

Redesignates existing Subsection (f) as Subsection (g) and existing Subsection (g) as Subsection (h).

SECTION 3. Amends Subchapter A, Chapter 6, Tax Code, by adding Section 6.032, as follows:

Sec. 6.032. BALLOT PROCEDURES FOR ELECTED DIRECTORS; FILING FEE.

(a) Provides that Chapter 144 (Candidate for Office of Political Subdivision Other Than County or City), Election Code, except as provided by this section, applies to a candidate for an elective position on an appraisal district board of directors.

(b) Requires that an application for a place on the ballot be filed with the county judge of the county in which the appraisal district is established and be accompanied by either a filing fee of \$200 or a petition that contains at least 25 signatures of registered voters of the county.

(c) Provides that a candidate's name may appear on the ballot only as an independent candidate.

(d) Requires that a filing fee received under this section be deposited in the county treasury to the credit of the county general fund.

SECTION 4. Amends Section 6.033, Tax Code, as follows:

Sec. 6.033. New heading: RECALL OF APPOINTED DIRECTOR. (a) Authorizes the governing body of a taxing unit to call for the recall of a member of the board of directors of an appraisal district appointed by the taxing units participating in the district under Section 6.03 for whom the unit cast any of its votes in the appointment of the appointive board members.

(b) Authorizes the governing body of a taxing unit that cast any of its votes in the appointment of the board for that member, on or before the 30th day after the date on which a resolution calling for the recall of a member of the board appointed by the taxing units participating in the district is filed, to vote to recall the member by resolution submitted to the chief appraiser. Entitles each taxing unit to the same number of votes in the recall as it cast for that member in the member's appointment to the board.

(c) Provides that the member, if the number of votes in favor of the recall equals or exceeds a majority of the votes cast for the member in the member's appointment to the board, is recalled and ceases to be a member of the board.

(d) Requires the taxing units that were entitled to vote in the recall election, if a vacancy occurs on the board of directors after the recall of a member of the board under this section, to appoint a new board member to the vacancy.

(e) Authorizes the governing bodies of the taxing units that voted for or otherwise participated in the appointment of a member of the board, if the members appointed by the taxing units participating in the district to the board of directors of an appraisal district are appointed by a method or procedure adopted under Section 6.031, to recall that member and appoint a new member to the vacancy by any method adopted by resolution of a majority of those governing bodies. Provides that the method of recall and of appointing a new member to the vacancy is not valid unless it provides that each taxing unit, if the appointment was by election by the taxing units participating in the district, is entitled to the same number of votes in the recall and in the appointment to fill the vacancy as the unit originally cast for the member being recalled.

Makes nonsubstantive changes.

SECTION 5. Amends Section 6.036(a), Tax Code, as follows:

(a) Provides that an individual is not eligible to be a candidate for, to be appointed to, or to serve on the board of directors of an appraisal district if the individual or a business entity in which the individual has a substantial interest is a party to a contract with the appraisal district or a certain taxing unit.

SECTION 6. Amends Section 6.037, Tax Code, to provide that the conservation and reclamation districts participating in the appraisal district, in a provision of this title other than Section 6.03 or 6.031 that grants authority to a majority or other number of the taxing units

entitled to vote on the appointment of appraisal district directors, including the disapproval of the appraisal district budget under Section 6.06 (Appraisal District Budget and Financing), rather than including the disapproval of the appraisal district budget under Section 6.06 and the disapproval of appraisal district board actions under Section 6.10, are given the vote or authority of one taxing unit.

SECTION 7. Amends Section 52.092, Election Code, by adding Subsection (k), to require the secretary of state to prescribe procedures for listing the office of appraisal district director on the ballot.

SECTION 8. Repealer: Section 6.034 (Optional Staggered Terms for Board of Directors), Tax Code.

Repealer: Section 6.10 (Disapproval of Board Actions), Tax Code.

SECTION 9. (a) Requires the appropriate number of appraisal district directors holding elective positions to be elected in each appraisal district as provided by Section 6.03, Tax Code, as amended by this Act, and Section 6.032, Tax Code, as added by this Act, beginning with the general election for state and county officers conducted in 2016. Provides that members then elected take office January 1, 2017.

(b) Provides that the change in law made by this Act does not affect the selection of appraisal district directors serving before January 1, 2017.

(c) Provides that the term of an appraisal district director serving on December 1, 2016, expires on January 1, 2017. Requires the taxing units participating in the appraisal district, notwithstanding Section 6.03(b), Tax Code, as amended by this Act, to appoint the appropriate number of appraisal district directors to serve a one-year term beginning January 1, 2017. Provides that directors serving in appointive positions on the board, thereafter, serve two-year terms beginning January 1 of each even-numbered year.

SECTION 10. (a) Effective date, except as provided by Subsection (b) of this section: January 1, 2017.

(b) Effective date, this section and Sections 7 and 9 of this Act: September 1, 2015.