

By: Miller

H.B. No. 203

A BILL TO BE ENTITLED

AN ACT

relating to the administration of the ad valorem tax system;
authorizing a fee.

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

SECTION 1. Section 403.302(c), Government Code, is amended
to read as follows:

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

SECTION 2. Sections 5.041(b) and (e-1), Tax Code, are
amended to read as follows:

(b) A member of the appraisal review board established for
an appraisal district must complete the course established under

1 Subsection (a). The course must provide at least eight hours of
2 classroom training and education. A member of the appraisal review
3 board may not participate in a hearing conducted by the board unless
4 the person has completed the course established under Subsection
5 (a) and received a certificate of course completion.

6 (e-1) In addition to the course established under
7 Subsection (a), the comptroller shall approve curricula and provide
8 materials for use in a continuing education course for members of an
9 appraisal review board. The course must provide at least four hours
10 of classroom training and education. The curricula and materials
11 must include information regarding:

12 (1) the cost, income, and market data comparison
13 methods of appraising property;

14 (2) the appraisal of business personal property;

15 (3) the determination of capitalization rates for
16 property appraisal purposes;

17 (4) the duties of an appraisal review board;

18 (5) the requirements regarding the independence of an
19 appraisal review board from the board of directors and the chief
20 appraiser and other employees of the appraisal district;

21 (6) the prohibitions against ex parte communications
22 applicable to appraisal review board members;

23 (7) the Uniform Standards of Professional Appraisal
24 Practice;

25 (8) the duty of the appraisal district to substantiate
26 the district's determination of the value of property;

27 (9) the requirements regarding the equal and uniform

1 appraisal of property;

2 (10) the right of a property owner to protest the
3 appraisal of the property as provided by Chapter 41; and

4 (11) a detailed explanation of each of the actions
5 described by Sections 25.25, 41.41(a), 41.411, 41.412, 41.413,
6 41.42, and 41.43 so that members are fully aware of each of the
7 grounds on which a property appraisal can be appealed.

8 SECTION 3. Section 5.103(b), Tax Code, is amended to read as
9 follows:

10 (b) The model hearing procedures shall address:

11 (1) the statutory duties of an appraisal review board;

12 (2) the process for conducting a hearing;

13 (3) the scheduling of hearings;

14 (4) the postponement of hearings;

15 (5) the notices required under this title;

16 (6) the determination of good cause under Section
17 41.44(b);

18 (7) the determination of good cause under Sections
19 41.45(e) and (e-1);

20 (8) a party's right to offer evidence and argument;

21 (9) a party's right to examine or cross-examine
22 witnesses or other parties;

23 (10) a party's right to appear by an agent;

24 (11) the prohibition of an appraisal review board's
25 consideration of information not provided at a hearing;

26 (12) ex parte and other prohibited communications;

27 (13) the exclusion of evidence at a hearing as

1 required by Section 41.67(d);

2 (14) the postponement of a hearing as required by
3 Section 41.66(h);

4 (15) conflicts of interest; and

5 (16) ~~[the process for the administration of~~
6 ~~applications for membership on an appraisal review board; and~~

7 ~~[(17)]~~ any other matter related to fair and efficient
8 appraisal review board hearings.

9 SECTION 4. Sections 6.41(a), (b), (c), (d), (f), (j), and
10 (k), Tax Code, are amended to read as follows:

11 (a) An ~~[The]~~ appraisal review board is established for each
12 appraisal district.

13 (b) The board consists of five ~~[three]~~ members elected by
14 the voters of the county in which the district is established at the
15 general election for state and county officers. The members serve
16 two-year terms beginning on January 1 of odd-numbered years.

17 ~~[However, the district board of directors by resolution of a~~
18 ~~majority of its members may increase the size of the appraisal~~
19 ~~review board to the number of members the board of directors~~
20 ~~considers appropriate.]~~

21 (c) To be eligible to serve on the board, an individual must
22 be a resident of the county in which the appraisal district is
23 established and must have resided in the county ~~[district]~~ for at
24 least two years before the date of the individual's election or
25 appointment.

26 (d) ~~[Except as provided by Subsection (d-1), members of the~~
27 ~~board are appointed by resolution of a majority of the appraisal~~

~~district board of directors.]~~ A vacancy on the board is filled by
appointment by the commissioners court of the county in which the
appraisal district is established ~~[in the same manner]~~ for the
unexpired portion of the term.

(f) For purposes of Chapter 87, Local Government Code,
grounds ~~[A member of the board may be removed from the board by a~~
~~majority vote of the appraisal district board of directors, or by~~
~~the local administrative district judge or the judge's designee, as~~
~~applicable, that appointed the member. Grounds]~~ for removal of a
member of an appraisal review board include ~~[are]~~:

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

(2) good cause relating to the attendance of members
at called meetings of the board as established by written policy
adopted by a majority of the appraisal district board of directors;
~~[or]~~

(3) clear and convincing evidence of repeated bias or
misconduct; or

(4) failure to complete a course required by Section
5.041.

(j) A chief appraiser or another employee or agent of an
appraisal district commits an offense if the person communicates
with a member of the appraisal review board for the appraisal
district or ~~[7]~~ a member of the board of directors of the appraisal
district ~~[7, or, if the appraisal district is an appraisal district~~
~~described by Subsection (d-1), the local administrative district~~
~~judge]~~ regarding a ranking, scoring, or reporting of the percentage

1 by which the appraisal review board or a panel of the board reduces
2 the appraised value of property.

3 (k) An offense under Subsection [~~(i) or~~] (j) is a Class A
4 misdemeanor.

5 SECTION 5. Subchapter C, Chapter 6, Tax Code, is amended by
6 adding Section 6.4101 to read as follows:

7 Sec. 6.4101. BALLOT PROCEDURES FOR APPRAISAL REVIEW BOARD
8 MEMBER; FILING FEE. (a) Except as provided by this section,
9 Chapter 144, Election Code, applies to a candidate for the office of
10 member of the appraisal review board of an appraisal district.

11 (b) An application for a place on the ballot must be filed
12 with the county judge of the county in which the appraisal district
13 is established and be accompanied by a filing fee of \$250.

14 (c) A candidate's name may appear on the ballot only as an
15 independent candidate.

16 (d) A filing fee received under this section shall be
17 deposited in the county treasury to the credit of the county general
18 fund.

19 SECTION 6. Section 6.411(c-1), Tax Code, is amended to read
20 as follows:

21 (c-1) This section does not apply to communications with a
22 member of an appraisal review board by the chief appraiser or
23 another employee or a member of the board of directors of an
24 appraisal district or a property tax consultant or attorney
25 representing a party to a proceeding before the appraisal review
26 board:

27 (1) during a hearing on a protest or other proceeding

1 before the appraisal review board;

2 (2) that constitute social conversation;

3 (3) that are specifically limited to and involve
4 administrative, clerical, or logistical matters related to the
5 scheduling and operation of hearings, the processing of documents,
6 the issuance of orders, notices, and subpoenas, and the operation,
7 appointment, composition, or attendance at training of the
8 appraisal review board; or

9 (4) that are necessary and appropriate to enable the
10 appraisal review board [~~of directors of the appraisal district~~] to
11 determine whether to appoint, reappoint, or remove a person as an
12 auxiliary board [~~a~~] member or as the chairman or secretary of the
13 appraisal review board.

14 SECTION 7. Section 6.413(a), Tax Code, is amended to read as
15 follows:

16 (a) An individual is not eligible to be elected or appointed
17 to or to serve on the appraisal review board established for an
18 appraisal district if the individual or a business entity in which
19 the individual has a substantial interest is a party to a contract
20 with the appraisal district or with a taxing unit that participates
21 in the appraisal district.

22 SECTION 8. Sections 6.414(a), (b), and (f), Tax Code, are
23 amended to read as follows:

24 (a) An [~~The board of directors of an~~] appraisal review board
25 [~~district~~] by resolution of a majority of the members may provide
26 for a number of auxiliary appraisal review board members that the
27 board considers appropriate to hear taxpayer protests before the

appraisal review board and to assist the board in performing its duties.

(b) An auxiliary board member is appointed to a one-year term by resolution of a majority of the ~~[in the same manner and for the same term as an]~~ appraisal review board members. An auxiliary board member may not serve more than two consecutive terms. This subsection does not limit a person's eligibility for appointment to serve nonconsecutive terms. An auxiliary board member ~~[under Section 6.41 and]~~ is subject to the same eligibility requirements and restrictions as a board member under Sections 6.41, 6.411, 6.412, and 6.413. A vacancy among the auxiliary board members is filled in the same manner as the original appointment to the appraisal review board.

(f) An auxiliary board member is entitled to compensation and ~~[as provided by the appraisal district budget and is not entitled to a per diem or]~~ reimbursement of expenses as provided by ~~[under]~~ Section 6.42(c).

SECTION 9. Section 6.42(a), Tax Code, is amended to read as follows:

(a) A majority of the appraisal review board constitutes a quorum. The board ~~[of directors of the appraisal district]~~ by resolution shall select a chairman and a secretary from among the board's ~~[the]~~ members ~~[of the appraisal review board]~~. The board ~~[of directors of the appraisal district]~~ is encouraged to select as chairman ~~[of the appraisal review board]~~ a member of the ~~[appraisal review]~~ board, if any, who has a background in law and property appraisal.

SECTION 10. Section 41.66(g), Tax Code, is amended to read as follows:

(g) At the beginning of a hearing on a protest, each member of the appraisal review board hearing the protest must sign an affidavit stating that the board member has not communicated with another person in violation of Subsection (f). If a board member has communicated with another person in violation of Subsection (f), the member must be recused from the proceeding and may not hear, deliberate on, or vote on the determination of the protest. The appraisal review board ~~[of directors of the appraisal district]~~ shall adopt and implement a policy concerning the temporary replacement of an appraisal review board member who has communicated with another person in violation of Subsection (f).

SECTION 11. Section 52.092, Election Code, is amended by adding Subsection (h) to read as follows:

(h) The secretary of state shall prescribe procedures for the listing of the office of member of the appraisal review board of an appraisal district on the ballot.

SECTION 12. The following provisions of the Tax Code are repealed:

- (1) Section 6.052(f);
- (2) Sections 6.41(d-1), (d-2), (d-3), (d-4), (d-5), (d-6), (d-7), (d-8), (d-9), (e), and (i); and
- (3) Section 6.412(e).

SECTION 13. Section 403.302(c), Government Code, as amended by this Act, applies only to the annual study conducted under Section 403.302, Government Code, for a tax year that begins on or

1 after January 1, 2018. The annual study for a tax year that begins
2 before January 1, 2018, is covered by the law in effect immediately
3 before that date, and the prior law is continued in effect for that
4 purpose.

5 SECTION 14. Section 5.041, Tax Code, as amended by this Act,
6 applies only to an appraisal review board member appointed or
7 elected to serve a term of office that begins on or after the
8 effective date of this Act.

9 SECTION 15. (a) Appraisal review board members shall be
10 elected under Section 6.41, Tax Code, as amended by this Act,
11 beginning with the general election conducted in 2018. Members
12 then elected take office January 1, 2019.

13 (b) The change in the manner of selection of appraisal
14 review board members made by Section 6.41, Tax Code, as amended by
15 this Act, does not affect the selection of members who serve on the
16 board before January 1, 2019.

17 (c) The term of an appraisal review board member serving on
18 December 31, 2018, expires on January 1, 2019.

19 (d) Auxiliary members may be appointed under Section 6.414,
20 Tax Code, as amended by this Act, by the elected appraisal review
21 board members on or after January 1, 2019.

22 (e) The change in the manner of selection of auxiliary
23 members made by Section 6.414, Tax Code, as amended by this Act,
24 does not affect the selection of auxiliary members who serve before
25 January 1, 2019.

26 (f) The term of an auxiliary member serving on December 31,
27 2018, expires on January 1, 2019.

1 SECTION 16. The repeal by this Act of Section 6.41(i), Tax
2 Code, and the change in law made by this Act to Section 6.41(j), Tax
3 Code, do not apply to an offense committed under either of those
4 subsections before January 1, 2019. An offense committed before
5 January 1, 2019, is governed by the applicable subsection as it
6 existed on the date the offense was committed, and the former law is
7 continued in effect for that purpose. For purposes of this section,
8 an offense was committed before January 1, 2019, if any element of
9 the offense occurred before that date.

10 SECTION 17. (a) Except as otherwise provided by this
11 section, this Act takes effect January 1, 2018.

12 (b) Sections 3, 4, 6, 7, 8, 9, 10, 12, and 16 of this Act take
13 effect January 1, 2019.