88R3820 RDS-D

By:  Birdwell S.B. No. 1168

A BILL TO BE ENTITLED

AN ACT

relating to the governance and administration of an appraisal district.

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

SECTION 1.  Section 5.12(b), Tax Code, is amended to read as follows:

(b)  At the written request of the governing bodies of a majority of the taxing units participating in an appraisal district or of a majority of the taxing units entitled to nominate nominees for [~~vote on the~~] appointment as [~~of~~] appraisal district directors, the comptroller shall audit the performance of the appraisal district. The governing bodies may request a general audit of the performance of the appraisal district or may request an audit of only one or more particular duties, practices, functions, departments, or other appraisal district matters.

SECTION 2.  Section 5.13(h), Tax Code, is amended to read as follows:

(h)  At any time after the request for an audit is made, the comptroller may discontinue the audit in whole or in part if requested to do so by:

(1)  the governing bodies of a majority of the taxing units participating in the district, if the audit was requested by a majority of those units;

(2)  the governing bodies of a majority of the taxing units entitled to nominate nominees for [~~vote on the~~] appointment as [~~of~~] appraisal district directors, if the audit was requested by a majority of those units; or

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

SECTION 3.  Section 6.03, Tax Code, is amended by amending Subsections (a), (c), (d), (e), (g), (j), (k), and (l) and adding Subsections (a-1), (a-2), (a-3), (d-1), and (m) to read as follows:

(a)  The appraisal district is governed by a board of directors. Five directors are appointed by the commissioners court of the county in which the appraisal district is established from a list of nominees nominated in the manner provided by this section. The commissioners court must appoint one director from each of the four commissioners precincts in the county and one director at large from the county [~~taxing units that participate in the district as provided by this section~~].

(a-1)  If the county assessor-collector is not appointed to the board, the county assessor-collector serves as a nonvoting director. 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-2)  To be eligible to serve on the board of directors, an individual other than a county assessor-collector serving as a nonvoting director must:

(1)  be a resident of:

(A)  the commissioners precinct from which the office is appointed, in the case of a director appointed from a commissioners precinct; or

(B)  the county in which the appraisal district is established, in the case of a director appointed at large; [~~district~~] and

(2)  [~~must~~] have resided in the district, and if appointed from a commissioners precinct, in that commissioners precinct, for at least two years immediately preceding the date the individual takes office.

(a-3)  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.

(c)  The [~~Members of the board of directors other than a county assessor-collector serving as a nonvoting director 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 shall nominate nominees to serve on the board of directors of the district in the manner provided by Subsection (d) [~~and of the county. A governing body may cast all its votes for one candidate or distribute them among candidates for any number of directorships. Conservation and reclamation districts are not entitled to vote unless at least one conservation and reclamation district in the district delivers to the chief appraiser a written request to nominate and vote on the board of directors by June 1 of each odd-numbered year. On receipt of a request, the chief appraiser shall certify a list by June 15 of all eligible conservation and reclamation districts that are imposing taxes and that participate in the district~~].

(d)  The number of nominees that [~~voting entitlement of~~] a taxing unit that is entitled to make nominations may nominate [~~vote for directors~~] is determined by dividing the total dollar amount of property taxes imposed in the district by the taxing unit for the preceding tax year by the sum of the total dollar amount of property taxes imposed in the district for that year by each taxing unit that is entitled to make nominations [~~vote~~], [~~by~~] multiplying the quotient by 100 [~~1,000~~], and [~~by~~] rounding the product to the nearest tenth [~~whole number~~]. If that number is:

(1)  less than one, the taxing unit may nominate one nominee who resides in the commissioners precinct of the county in which the appraisal district is established in which a majority of the taxing unit is located;

(2)  one or more but less than five, the taxing unit may nominate two nominees who reside in a commissioners precinct of the county in which the appraisal district is established in which any part of the taxing unit is located;

(3)  five or more but less than 10, the taxing unit may nominate three nominees who reside in a commissioners precinct of the county in which the appraisal district is established in which any part of the taxing unit is located;

(4)  10 or more but less than 20, the taxing unit may nominate four nominees who reside in a commissioners precinct of the county in which the appraisal district is established in which any part of the taxing unit is located; or

(5)  20 or more, the taxing unit may nominate four nominees who reside in a commissioners precinct of the county in which the appraisal district is established in which any part of the taxing unit is located and one nominee who resides anywhere in the county [~~That number is multiplied by the number of directorships to be filled~~].

(d-1)  A taxing unit participating in two or more appraisal districts is entitled to nominate nominees for director [~~vote~~] in each district in which it participates, but only the taxes imposed in a district are used to calculate the number of nominees the taxing unit is entitled to nominate [~~voting entitlement~~] in that district.

(e)  The chief appraiser shall calculate the number of nominees [~~votes to which~~] each taxing unit [~~other than a conservation and reclamation district~~] is entitled to nominate and shall deliver written notice to each of those taxing units of that number [~~its voting entitlement~~] before October 1 of each odd-numbered year. The chief appraiser shall deliver the notice:

(1)  to the county judge and each commissioner of the county served by the appraisal district;

(2)  to the presiding officer of the governing body of each city or town participating in the appraisal district, to the city manager of each city or town having a city manager, and to the city secretary or clerk, if there is one, of each city or town that does not have a city manager;

(3)  to the presiding officer of the governing body of each school district participating in the appraisal district and to the superintendent of those school districts; [~~and~~]

(4)  to the presiding officer of the governing body of each junior college district participating in the appraisal district and to the president, chancellor, or other chief executive officer of those junior college districts; and

(5)  to the presiding officer of each conservation and reclamation district participating in the appraisal district.

(g)  Each taxing unit nominates nominees [~~other than a conservation and reclamation district that is entitled to vote may nominate~~] by resolution adopted by its governing body [~~one candidate for each position to be filled on the board of directors~~]. The governing body may nominate any number of nominees, provided that the total number of nominees nominated does not exceed the number contained in the notice provided under Subsection (e). The presiding officer of the governing body of the taxing unit shall submit the names of the taxing unit's nominees to the chief appraiser before October 15.

(j)  Before October 30, the chief appraiser shall prepare a list of [~~ballot, listing~~] the nominees [~~candidates~~] whose names were timely submitted under Subsection [~~Subsections~~] (g) [~~and, if applicable, (h) or (i)~~] alphabetically according to the first letter in each nominee's [~~candidate's~~] surname, and shall deliver a copy of the list to the commissioners court of the county in which the appraisal district is established [~~ballot to the presiding officer of the governing body of each taxing unit that is entitled to vote~~].

(k)  The commissioners court of the county in which the appraisal district is established by majority vote of its members shall select from the list provided under Subsection (j) five nominees who meet the appropriate residency requirements to serve as members of the board of directors of the district [~~Except as provided by Subsection (k-1), the governing body of each taxing unit entitled to vote shall determine its vote by resolution and submit it to the chief appraiser before December 15. The chief appraiser shall count the votes, declare the five candidates who receive the largest cumulative vote totals elected,~~] and submit the results before December 31 to the governing body of each taxing unit in the district and to the nominees [~~candidates. For purposes of determining the number of votes received by the candidates, the candidate receiving the most votes of the conservation and reclamation districts is considered to have received all of the votes cast by conservation and reclamation districts and the other candidates are considered not to have received any votes of the conservation and reclamation districts. The chief appraiser shall resolve a tie vote by any method of chance~~].

(l)  A [~~If a~~] vacancy [~~occurs~~] on the board of directors, other than a vacancy in the position held by a county assessor-collector serving as a nonvoting director, is filled in the manner provided by this subsection. If the vacancy is in the position representing the whole county for which the appraisal district is established, each taxing unit that is entitled to make nominations under [~~vote by~~] this section may nominate by resolution adopted by its governing body a nominee [~~candidate~~] to fill the vacancy. If the vacancy is in a position representing a commissioners precinct, each taxing unit that is entitled to make nominations under this section any part of which is located in that commissioners precinct may nominate by resolution adopted by its governing body a nominee to fill the vacancy. A nominee must meet the applicable residency requirement under Subsection (a-2) for the vacant position. The taxing unit shall submit the name of its nominee to the chief appraiser within 45 days after notification from the board of directors of the existence of the vacancy, and the chief appraiser shall prepare and deliver to the commissioners court of the county in which the appraisal district is established [~~board of directors~~] within the next five days a list of the nominees. The commissioners court [~~board of directors~~] shall elect by majority vote of its members one of the nominees to fill the vacancy.

(m)  If as a result of a change in the boundaries of a commissioners precinct an individual serving as a director no longer resides in the precinct from which the office is appointed, the individual is not for that reason disqualified from office during the remainder of the term of office being served at the time the boundary change takes effect. If as a result of a change in the boundaries of a commissioners precinct an individual appointed as a director before the boundary change to a term that begins after the boundary change no longer resides in the precinct from which the office is appointed, the individual is not for that reason disqualified from serving the term to which the individual is appointed.

SECTION 4.  The heading to Section 6.031, Tax Code, is amended to read as follows:

Sec. 6.031.  CHANGES IN BOARD MEMBERSHIP [~~OR SELECTION~~].

SECTION 5.  Sections 6.031(a), (b), (b-1), and (e), Tax Code, are amended to read as follows:

(a)  The commissioners court of the county in which [~~board of directors of~~] an appraisal district is established, by resolution adopted and delivered to each taxing unit participating in the district before August 15, may increase the number of members on the board of directors of the district to not more than 13[~~, change the method or procedure for appointing the members, or both,~~] unless the governing body of a taxing unit that is entitled to nominate nominees for [~~vote on the~~] appointment as [~~of~~] board members adopts a resolution opposing the change[~~,~~] and files it with the commissioners court [~~board of directors~~] before September 1. If a change is rejected, the commissioners court [~~board~~] shall notify, in writing, each taxing unit participating in the district before September 15.

(b)  The taxing units participating in an appraisal district may increase the number of members on the board of directors of the district to not more than 13[~~, change the method or procedure for appointing the members, or both,~~] if the governing bodies of three-fourths of the taxing units that are entitled to nominate nominees for [~~vote on the~~] appointment as [~~of~~] board members adopt resolutions providing for the change. [~~However, a change under this subsection 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 of this code 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 of this code 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.~~]

(b-1)  If [~~an appraisal district increases~~] the number of members on the board of directors of the district is increased under [~~or changes the method or procedure for appointing the members as provided by~~] this section, the commissioners court shall select the appropriate number of directors from the list of nominees provided under Section 6.03(j), provided that at least one director is appointed from each commissioners precinct in the county, one director is appointed at large from the county, and no more than four directors are appointed from any one commissioners precinct in the county [~~board of directors by resolution shall provide for the junior college districts that participate in the appraisal district to collectively participate in the selection of 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.  A resolution adopted under this section is not subject to rejection by a resolution opposing the change filed with the board of directors by a taxing unit under Subsection (a)~~].

(e)  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 nominate nominees for [~~vote on~~] appointment as [~~of~~] board members under Section 6.03 [~~of this code~~].

SECTION 6.  Sections 6.033(a), (b), (c), and (d), Tax Code, are amended to read as follows:

(a)  The governing body of a taxing unit may call for the recall of a member of the board of directors of an appraisal district appointed under Section 6.03 [~~of this code for~~] whom the taxing unit nominated for [~~cast any of its votes in the~~] appointment to [~~of~~] the board. The call must be in the form of a resolution, be filed with the chief appraiser of the appraisal district, and state that the taxing unit is calling for the recall of the member. If a resolution calling for the recall of a board member is filed under this subsection, the chief appraiser, not later than the 10th day after the date of filing, shall deliver a written notice of the filing of the resolution and the date of its filing to the presiding officer of the governing body of each taxing unit entitled to nominate nominees for [~~vote in the~~] appointment as [~~of~~] board members.

(b)  On or before the 30th day after the date on which a resolution calling for the recall of a member of the board is filed, the governing body of a taxing unit that nominated [~~cast any of its votes in the appointment of the board for~~] that member for appointment to the board may vote to recall the member by resolution submitted to the chief appraiser. [~~Each taxing unit is entitled to the same number of votes in the recall as it cast for that member in the appointment of the board.~~] The governing body of the taxing unit calling for the recall may cast its vote [~~votes~~] in favor of the recall in the same resolution in which it called for the recall.

(c)  Not later than the 10th day after the last day provided by this section for voting in favor of the recall, the chief appraiser shall count the votes cast in favor of the recall. If only one taxing unit nominated the member for appointment to the board and that taxing unit votes in favor of the recall, the member is recalled and ceases to be a member of the board. If more than one taxing unit nominated the member for appointment to the board and a majority of those taxing units vote in favor of the recall [~~If the number of votes in favor of the recall equals or exceeds a majority of the votes cast for the member in the appointment of the board~~], the member is recalled and ceases to be a member of the board. The chief appraiser shall immediately notify in writing the presiding officer of the appraisal district board of directors and of the governing body of each taxing unit that voted in the recall election of the outcome of the recall election. If the presiding officer of the appraisal district board of directors is the member whose recall was voted on, the chief appraiser shall also notify the secretary of the appraisal district board of directors of the outcome of the recall election.

(d)  A [~~If a~~] vacancy [~~occurs~~] on the board of directors that results from [~~after~~] the recall of a member of the board under this section is filled in the same manner a vacancy on the board is filled under Section 6.03, except that only the taxing units that were entitled to vote in the recall election may nominate a nominee to replace the recalled [~~shall appoint a new board~~] member. [~~Each taxing unit is entitled to the same number of votes as it originally cast to appoint the recalled board member. Each taxing unit entitled to vote may nominate one candidate by resolution adopted by its governing body. The presiding officer of the governing body of the unit shall submit the name of the unit's nominee to the chief appraiser on or before the 30th day after the date it receives notification from the chief appraiser of the result of the recall election. On or before the 15th day after the last day provided for a nomination to be submitted, the chief appraiser shall prepare a ballot, listing the candidates nominated alphabetically according to each candidate's surname, and shall deliver a copy of the ballot to the presiding officer of the governing body of each taxing unit that is entitled to vote. On or before the 15th day after the date on which a taxing unit's ballot is delivered, the governing body of the taxing unit shall determine its vote by resolution and submit it to the chief appraiser. On or before the 15th day after the last day on which a taxing unit may vote, the chief appraiser shall count the votes, declare the candidate who received the largest vote total appointed, and submit the results to the presiding officer of the governing body of the appraisal district and of each taxing unit in the district and to the candidates. The chief appraiser shall resolve a tie vote by any method of chance.~~]

SECTION 7.  Section 6.037, Tax Code, is amended to read as follows:

Sec. 6.037.  PARTICIPATION OF CONSERVATION AND RECLAMATION DISTRICTS IN APPRAISAL DISTRICT MATTERS. In this title, a reference to the taxing units entitled to nominate nominees for [~~vote on the~~] appointment as [~~of~~] appraisal district board members includes the conservation and reclamation districts participating in the appraisal district[~~, without regard to whether the conservation and reclamation districts are currently entitled to do so under Section 6.03(c)~~]. 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 nominate nominees for [~~vote on the~~] appointment as [~~of~~] appraisal district directors, including the disapproval of the appraisal district budget under Section 6.06 and the disapproval of appraisal district board actions under Section 6.10, the conservation and reclamation districts participating in the appraisal district are given the vote or authority of one taxing unit. That vote or authority is considered exercised only if a majority of the conservation and reclamation districts take the same action to exercise that vote or authority. Otherwise, the conservation and reclamation districts are treated in the same manner as a single taxing unit that is entitled to act but does not take any action on the matter.

SECTION 8.  Section 6.051(b), Tax Code, is amended to read as follows:

(b)  The acquisition or conveyance of real property or the construction or renovation of a building or other improvement by an appraisal district must be approved by the governing bodies of three-fourths of the taxing units entitled to nominate nominees for [~~vote on the~~] appointment as [~~of~~] board members. The board of directors by resolution may propose a property transaction or other action for which this subsection requires approval of the taxing units. The chief appraiser shall notify the presiding officer of each governing body entitled to vote on the approval of the proposal by delivering a copy of the board's resolution, together with information showing the costs of other available alternatives to the proposal. On or before the 30th day after the date the presiding officer receives notice of the proposal, the governing body of a taxing unit by resolution may approve or disapprove the proposal. If a governing body fails to act on or before that 30th day or fails to file its resolution with the chief appraiser on or before the 10th day after that 30th day, the proposal is treated as if it were disapproved by the governing body.

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

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

(b)  The board of directors shall hold a public hearing to consider the budget. The secretary of the board shall deliver to the presiding officer of the governing body of each taxing unit participating in the district not later than the 10th day before the date of the hearing a written notice of the date, time, and place fixed for the hearing. The board shall complete its hearings, make any amendments to the proposed budget it desires, and finally approve a budget before September 15. If the governing bodies of a majority of the taxing units entitled to nominate nominees for [~~vote on the~~] appointment as [~~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.

(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 nominate nominees for [~~vote on the~~] appointment as [~~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(b) and (e), Tax Code, are amended to read as follows:

(b)  The taxing units participating in an appraisal district may adopt a different method of allocating the costs of operating the district if the governing bodies of three-fourths of the taxing units that are entitled to nominate nominees for [~~vote on the~~] appointment as [~~of~~] board members adopt resolutions providing for the other method. However, a change under this subsection is not valid if it requires any taxing unit to pay a greater proportion of the appraisal district's costs than the taxing unit would pay under Section 6.06 [~~of this code~~] without the consent of the governing body of that taxing unit.

(e)  A change in allocation of district costs 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 of the taxing units that are entitled to nominate nominees for [~~vote on~~] appointment as [~~of~~] board members under Section 6.03 [~~of this code~~].

SECTION 11.  Section 6.063(b), Tax Code, is amended to read as follows:

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

SECTION 12.  Section 6.10, Tax Code, is amended to read as follows:

Sec. 6.10.  DISAPPROVAL OF BOARD ACTIONS. If the governing bodies of two-thirds [~~a majority~~] of the taxing units entitled to nominate nominees for [~~vote on the~~] appointment as [~~of~~] board members adopt resolutions disapproving an action, other than adoption of the budget, by the appraisal district board of directors and file them with the secretary of the board within 15 days after the action is taken, the action is revoked effective the day after the day on which the required number of resolutions is filed.

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

(1)  Sections 6.03(f), (h), (i), and (k-1);

(2)  Section 6.031(g);

(3)  Section 6.033(e); and

(4)  Section 6.034.

SECTION 14.  (a) Appraisal district directors shall be appointed in each appraisal district as provided by Section 6.03, Tax Code, as amended by this Act, to serve terms that begin January 1, 2024.

(b)  The change in the manner of selection of appraisal district directors made by this Act does not affect the selection of appraisal district directors serving before January 1, 2024.

(c)  The term of an appraisal district director serving on December 31, 2023, expires on January 1, 2024.

SECTION 15.  (a) Except as provided by Subsection (b) of this section, this Act takes effect January 1, 2024.

(b)  This section and Section 14 of this Act take effect September 1, 2023.