

SUBJECT: Creating selection processes, training for appraisal district board members

COMMITTEE: Local Government Ways and Means — committee substitute recommended

VOTE: 7 ayes — Hill, Creighton, Elkins, C. Howard, Puente, Quintanilla, Villarreal

0 nays

WITNESSES: For — Jim Robinson; Buddy Winn (*Registered, but did not testify*: James LeBas, Association of Electric Companies of Texas, Texas Oil and Gas Association; Donald Lee, Texas Conference of Urban Counties; Michele Gregg, Texas Apartment Association)

Against — None

BACKGROUND: Tax Code, ch. 6 establishes provisions governing the selection and duties of appraisal district boards of directors. The governing bodies of the voting taxing units – the county, school districts, cities, and certain conservation and reclamation districts – appoint five voting directors to two-year terms, which they can opt to stagger. If the county-assessor is not appointed as one of those members, that official serves as a non-voting director. Voting units fill any vacancies on the board.

The number of directors can be increased to 13 through a resolution of the board or three-fourths of the voting units. A taxing unit that cast a vote for a director can seek to recall that director, and an election to remove the director would be conducted by only the taxing units that initially voted for the member. If a recall is successful, those same taxing units eligible for the recall election elect a replacement.

The board of directors' main duties include:

- establishing the appraisal district office;
- adopting the district's annual budget;
- hiring a chief appraiser;
- appointing appraisal review board (ARB) members; and
- developing a schedule for property reappraisal.

DIGEST:

CSHB 3583 would amend Tax Code, ch. 6 to add at least two members to the appraisal district board and establish procedures for a county judge or group of judges to appoint the new members. It also would require the comptroller to create a training program for board members.

The bill would require a district judge whose jurisdiction covered the appraisal district to appoint two district board members. The county assessor-collector would be a voting member of the district, unless that official also was the district's chief appraiser, in which case he or she would be ineligible to vote and the judge would appoint a third member.

All provisions governing current members, such as a two-year term, would apply to the judge-appointed members except for those covering selection, recall, vacancies, and staggered terms. The board or its voting units still would be authorized to expand the number of directors to 13, but this number would not include the directors appointed by the judges.

If more than one district judge had jurisdiction in the county in which the appraisal district was established, a majority of those judges would be required to select members at a special meeting. If the majority could not reach a decision for one or more positions, one of the judges would notify the governor, who would appoint another district judge to participate in a new special meeting, at which the remaining positions would be filled.

A new Tax Code, sec. 5.043 would require that any director complete eight hours of training covering the board's responsibilities. The comptroller would create rules for the program and provide for a reasonable time for the training to occur either before the director's term began or soon thereafter.

The bill would take effect January 1, 2008. New members appointed by district judges and the county assessor-collector, if eligible, would begin their terms on that date.

SUPPORTERS
SAY:

CSHB 3583 aims to reduce or eliminate the perception of many taxpayers that chief appraisers are being pressured to raise appraisal values by taxing units, which currently have a direct or indirect role in selecting all the participants of the appraisal system. The bill would add two new members to a district's board of directors who would be appointed by a district

judge and also allow eligible assessor-collectors a vote on the board. It would also add training requirements for board members.

The bill would fulfill one of the recommendations of the Texas Task Force on Appraisal Reform, which noted that current role of taxing districts makes it is fair to conclude that the system is “at risk of being tilted to their benefit.” The task force suggested this method and believed that district judges would use as a basis for selection criteria that would reflect an independence from government and local taxing entities.

The bill also would add an essential training component to those named to the board of directors. Some of those named to the board have little experience in the arena and no real idea of what to expect or how to efficiently and effectively fulfill their duties.

Adding an election component to the selection of board members would be counterproductive. Reforms made in the late 1970s were aimed at removing politics from the appraisal process, and an election would compromise these efforts. A person running for the board would have little more to run on than promising voters a reduction in taxes or a dismissal of the chief appraiser.

OPPONENTS
SAY:

This bill would not, in fact, eliminate politics from the appraisal board. Asking an elected official such as a district judge to appoint members to the appraisal board not only would add a political element but quite possibly cause a political problem for judges, some of whom would not relish the new duties imposed by the bill. Additionally, in smaller counties, judges have few options and would wind up selecting the same people taxing units select today.

Taxpayers in certain areas have shown a great willingness to voice their displeasure about rising appraisals and property taxes. Although a district board member does not have a significant role in the setting of these rates, aside from the selection of the chief appraiser and reappraisal schedule, many voters are not fully informed of the respective roles in the process. A district judge appointing a board member could find himself subject to being voted out of office due to appointments the judge made to the board.

OTHER
OPPONENTS
SAY:

To eliminate any concerns about a lack of public awareness or involvement in the process, this bill should provide for an election of

board members by the taxpayers. These people deserve a role in the process and an advocate who can also represent an independent viewpoint.

NOTES:

A related bill, HB 3491 by Otto, which would require that at least two of the members of an appraisal board not be a current or former officer or employee of a taxing district, passed the House by 133-0-2 on April 27 and has been referred to the Senate Finance Committee.

HB 951 by Miller, which would add two members to the appraisal board of directors who would be elected by the voters in the district, has been referred to the Local Government Ways and Means Committee.