

BILL ANALYSIS

Senate Research Center
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H.B. 8
By: Otto et al. (Williams)
Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law requires the comptroller of public accounts to annually conduct a property value study in each school district to ensure the equitable distribution of state funds to public schools. If the value appraised by the local appraisal district is within five percent of the value determined by the comptroller, then the local value is certified by the comptroller to the commissioner of education. If the appraised value does not fall within the margin of error, the appraisal district is forced to appeal, raise values, or allow school districts to risk a loss of state funding. This bill would increase accuracy and improve standards and practices of property appraisals in Texas.

H.B. 8 amends current law relating to certain studies and reviews of appraisal districts conducted by the comptroller of public accounts.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the comptroller of public accounts (comptroller) in SECTION 2 (Section 403.302, Government Code) of this bill.

Rulemaking authority previously granted to the comptroller is modified in SECTION 7 (Section 5.102, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 403.3011(1), (2), and (4), Government Code, to define "study" and redefine "eligible school district" and "state value." Deletes existing text defining "annual study."

SECTION 2. Amends Section 403.302, Government Code, by amending Subsections (a), (c), (c-1), (f), (h), (i), and (l) and adding Subsections (a-1), (a-2), and (m)-(o), as follows:

(a) Requires the comptroller of public accounts (comptroller) to conduct a study, rather than an annual study, using comparable sales and generally accepted auditing and sampling techniques to determine the total taxable value of all property in each school district.

(a-1) Requires the comptroller to conduct a study at least every two years in each school district for which the most recent study resulted in a determination by the comptroller that the school district's local value was valid and each year in a school district for which the most recent study resulted in a determination by the comptroller that the school district's local value was not valid.

(a-2) Provides that if in any year the comptroller does not conduct a study, the school district's local value for that year is considered to be valid.

(c) and (c-1) Makes conforming changes.

(f) Requires that the study determine the values as of January 1 of each year for a school district in which a study was conducted according to the results of the study and for a school district in which a study was not conducted according to the market value determined by the appraisal district that appraises property for the district, less the amounts specified by Subsection (d) (relating to the definition of "taxable value").

(h) and (i) Makes conforming changes.

(l) Provides that if after conducting the study for a year, rather than the annual study for the year 2003 or a subsequent year, the comptroller determines that a school district is an eligible school district, for that year and the following year the taxable value for the school district is the district's local value. Deletes existing text requiring the comptroller, not later than the first anniversary of the date of the determination that a school district is an eligible school district, to complete an appraisal standards review as provided by Section 5.102 (Review of Appraisal Standards), Tax Code, of each appraisal district that appraises property for the school district.

(m) Creates the Comptroller's Property Value Study Advisory Committee (committee). Sets forth the composition of the committee.

(n) Provides that Chapter 2110 (State Agency Advisory Committees) does not apply to the size, composition, or duration of the committee.

(o) Requires the comptroller adopt rules governing the conduct of the study after consultation with the committee.

SECTION 3. Amends the heading to Section 403.304, Government Code, to read as follows:

Sec. 403.304. COOPERATION WITH COMPTROLLER; CONFIDENTIALITY.

SECTION 4. Amends Section 403.304, Government Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Requires a school district, appraisal district, or other governmental entity in this state to promptly comply with an oral or written request from the comptroller for information to be used in conducting a study, including information that is made confidential by Chapter 552 (Public Information) of this code, Section 22.27 (Confidential Information), Tax Code, or another law of this state.

(a-1) Provides that all information the comptroller obtains from a person, other than a government or governmental subdivision, under an assurance that the information will be kept confidential, in the course of conducting a study, rather than in the course of conducting a study of school district values, is confidential, and is prohibited from being disclosed except as provided in Subsection (b) (relating to disclosure of information for certain reasons).

SECTION 5. Amends Section 5.07(c), Tax Code, to make a conforming change.

SECTION 6. Amends Section 5.10, Tax Code, to require the comptroller, at least once every two years, to conduct a study in each appraisal district to determine the degree of uniformity of and the median level of appraisals by the appraisal district within each major category of property. Makes conforming changes and a nonsubstantive change.

SECTION 7. Amends Section 5.102, Tax Code, as follows:

Sec. 5.102. New heading: REVIEW OF APPRAISAL DISTRICTS. (a) Requires the comptroller, at least once every two years, to review the governance of each appraisal district, taxpayer assistance provided, and the operating and appraisal standards, procedures, and methodology used by each appraisal district, to determine compliance with generally accepted standards, procedures, and methodology. Authorizes the comptroller, after consultation with the advisory committee created under Section 403.302 (Determination of School District Property Values), Government Code, by rule to establish procedures and standards for conducting and scoring the review. Deletes existing text requiring the comptroller to review the appraisal standards, procedures, and methodology used by each appraisal district that appraises property for an eligible school

district as defined by Section 403.3011, Government Code, to determine compliance with generally accepted appraisal standards and practices.

(b) Entitles the comptroller, in conducting the review, to access to all records and reports of the appraisal district, to copy or print any record or report of the appraisal district, and to the assistance of the appraisal district's officers and employees.

(c) Requires the comptroller, at the conclusion of the review, in writing, to notify the appraisal district concerning its performance in the review. Makes conforming changes.

(d) Requires the comptroller to notify the Texas Board of Tax Professional Examiners (TBTPE), or a successor to TBTPE, which is required to take action necessary to ensure that the recommendations in the report are implemented as soon as practicable if the appraisal district fails to comply with the recommendations in the report and the comptroller finds that the board of directors of the appraisal district failed to take remedial action reasonably designed to ensure substantial compliance with each recommendation in the report before the first anniversary of the date the report was issued. Deletes existing text requiring the comptroller to notify the judge of each district court in the county for which the appraisal district is established, who is required to appoint a board of conservators consisting of five members to implement the recommendations if the appraisal district fails to comply with the recommendations in the report and the comptroller finds that the board of directors of the appraisal district failed to take remedial action before the first anniversary of the date the report was issued. Deletes existing text relating to the requirements of the board of conservators and that the appraisal district bears the related costs.

(e) Requires TBTPE, before February 1 of the year following the year in which TBTPE, or its successor, takes action under Subsection (d), and with the assistance of the comptroller, to determine whether the recommendations in the most recent report have been substantially implemented. Requires the presiding officer of TBTPE to notify the chief appraiser and the board of directors of the appraisal district in writing of TBTPE's determination.

SECTION 8. Amends Sections 5.12(a), (d), and (e), Tax Code, as follows:

(a) and (d) Makes conforming and nonsubstantive changes.

(e) Prohibits a request for a performance audit of an appraisal district from being made under Subsection (b) (relating to requiring the comptroller to audit the performance of the appraisal district at the request of certain entities) or (c) (relating to requiring the comptroller to audit the performance of the appraisal district at the request of certain owners in the appraisal district), during certain years, including a year which the comptroller is conducting a review of the district under Section 5.102. Makes conforming and nonsubstantive changes.

SECTION 9. Amends Section 5.13(a), Tax Code, to make conforming and nonsubstantive changes.

SECTION 10. Amends Section 41A.12, Tax Code, to make a conforming change.

SECTION 11. Repealers: Sections 5.101 (Technical Advisory Committee) and 5.12(g) (relating to prohibiting the results of an annual study conducted by the comptroller for a tax year before 1989 from being considered for purposes of determining whether an audit is required), Tax Code.

SECTION 12. Requires the speaker of the house of representatives, lieutenant governor, and comptroller, as soon as possible after the effective date of this Act, to appoint members to the committee in accordance with Section 403.302(m), Government Code, as added by this Act.

SECTION 13. Provides that the change in law made by this Act applies only to a study conducted under Section 5.10, Tax Code, or Section 403.302, Government Code, or a review conducted under Section 5.102, Tax Code, for a year that begins on or after January 1, 2009. Makes application of this Act prospective.

SECTION 14. Effective date: January 1, 2010.