

CHAPTER 860

H.B. No. 354

AN ACT

relating to performance and financial audits of appraisal districts.

*Be it enacted by the Legislature of the State of Texas:*

SECTION 1. Chapter 5, Tax Code, is amended by adding Section 5.12 to read as follows:

*Sec. 5.12. PERFORMANCE AUDIT OF APPRAISAL DISTRICT. (a) 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 vote on the appointment of appraisal district directors, the State Property Tax Board 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.*

*(b) At the written request of the owners of not less than 10 percent of the number of accounts or parcels of property in an appraisal district belonging to a class of property established by the State Property Tax Board for purposes of the study conducted under Section 11.86, Education Code, if the class constitutes at least five percent of the appraised value of taxable property within the district in the preceding year, or at the written request of the owners of property representing not less than 10 percent of the appraised value of all property in the district belonging to a class of property established for purposes of the study conducted by the board under Section 11.86, Education Code, if the class constitutes at least five percent of the appraised value of taxable property in the district in the preceding year, the board shall audit the performance of the appraisal district. The property owners 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. A property owner may authorize an agent to sign a request for an audit under this subsection on the property owner's behalf. The board may require a person signing a request for an audit to provide proof that the person is entitled to sign the request as a property owner or as the agent of a property owner.*

*(c) The board shall perform an audit requested under this section as soon as practicable after the request is made. The board may not be required to audit the*

*financial condition of an appraisal district or to audit a district's tax collections. If the request is for an audit limited to one or more particular matters, the board's audit must be limited to those matters.*

*(d) In conducting a general audit, the board shall consider and report on:*

*(1) the extent to which the district complies with applicable law or generally accepted standards of appraisal or other relevant practice;*

*(2) the uniformity and level of appraisal of major kinds of property and the cause of any significant deviations from ideal uniformity and equality of appraisal of major kinds of property;*

*(3) duplication of effort and efficiency of operation;*

*(4) the general efficiency, quality of service, and qualification of appraisal district personnel; and*

*(5) except as otherwise provided by Subsection (c) of this section, any other matter included in the request for the audit.*

*(e) In conducting the audit, the board is entitled to have access at all times to the books, appraisal and other records, reports, vouchers, and other information, whether confidential or not, of the appraisal district. The board may require the assistance of appraisal district officers or employees that does not interfere significantly with the ordinary functions of the appraisal district. The board may rely on any analysis it has made previously relating to the appraisal district if the previous analysis is useful or relevant to the audit.*

*(f) The board shall report the results of its audit in writing to the governing body of each taxing unit that participates in the appraisal district, to the chief appraiser, and to the presiding officer of the appraisal district board of directors. If the audit was requested under Subsection (b) of this section, the board shall also provide a report to a representative of the property owners who requested the audit.*

*(g) If the audit is requested under Subsection (a) of this section, the appraisal district shall reimburse the board for the costs incurred in conducting the audit and making its report of the audit. The costs shall be allocated among the taxing units participating in the district in the same manner as an operating expense of the district. If the audit is requested under Subsection (b) of this section, the property owners who requested the audit shall reimburse the board for the costs incurred in conducting the audit and making its report of the audit and shall allocate the costs among those property owners in proportion to the appraised value of each property owner's property in the district or on such other basis as the property owners may agree. If the audit confirms that the median level of appraisal for a class of property exceeds 110 percent or that the median level of appraisal for a class of property varies at least 10 percent from the median level of appraisal of all property in the district, within 90 days after the date a request is made by the property owners for reimbursement the appraisal district shall reimburse the property owners who requested the audit for the amount paid to the board for the costs incurred in conducting the audit and making the report. Before conducting an audit under this section, the board may require the requesting taxing units or property owners to provide the board with a bond, deposit, or other financial security sufficient to cover the expected costs of conducting the audit and making the report. For purposes of this section, "costs" include expenses related to salaries, professional fees, travel, reproduction or other printing services, and consumable supplies that are directly attributable to conducting the audit.*

*(h) At any time after the request for an audit is made, the board may discontinue the audit in whole or 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 vote on the appointment of appraisal district directors, if the audit was requested by a majority of those units; or*

*(3) if the audit was requested under Subsection (b) of this section, by the taxpayers who requested the audit.*

*(i) The board by rule may adopt procedures, audit standards, and forms for the administration of this section.*

SECTION 2. Subchapter A, Chapter 6, Tax Code, is amended by adding Section 6.063 to read as follows:

*Sec. 6.063. FINANCIAL AUDIT. (a) At least once each year, the board of directors of an appraisal district shall have prepared an audit of its affairs by an independent certified public accountant or a firm of independent certified public accountants.*

*(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 eligible to vote on the appointment of district directors, and a reasonable number of copies shall be available for inspection at the appraisal office.*

SECTION 3. Section 1 of this Act takes effect on January 1 of the first state fiscal year for which state funds are specifically appropriated for funding the administration of Section 5.12, Tax Code, as added by this Act. Section 2 of this Act takes effect September 1, 1987.

SECTION 4. The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended.

Passed by the House on April 22, 1987, by a non-record vote; and that the House concurred in Senate amendments to H.B. No. 354 on May 28, 1987, by a non-record vote. Passed by the Senate, with amendments, on May 23, 1987, by a viva-voce vote.

Approved June 19, 1987.

Effective Aug. 31, 1987, 90 days after date of adjournment except § 1 effective as provided in § 3, § 2 effective Sept. 1, 1987.