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MVBA BULLETIN

To: Appraisal Districts

From: Kirk Swinney
McCreary, Veselka, Bragg & Allen, P.C.

Date: June 12, 2007

Re: H.B. 1010, amending Tax Code §§ 6.02, 25.17

Undoubtedly you have heard by now of the passage of H.B. 1010, effective January 1, 2008. Assuming it is signed by the Governor, it will significantly impact the operations of appraisal districts, and to some degree, the taxing units that participate in them. Some of the key provisions for you to keep in mind in the near future as follows:

1. Each appraisal district will appraise its entire county and only within its county. Therefore, if there is any portion of your county that you have not been appraising, presumably because of reliance upon a neighboring appraisal district that appraises for the school district, you must make preparations to start appraising that property. Similarly, you will not appraise any property outside your county by January 1, 2008. Obviously, this shift could have implications on your budget and staffing. You may need to consider personnel changes.
2. If any property actually crosses the county line, you must make an effort to coordinate with the appraisal district in the adjacent county to ensure that the property is appraised at its market value between two appraisal districts. Property owners accustomed to dealing with one appraisal district may now need to address two or more districts. That may call for multiple renditions, applications for open-space appraisal, exemptions, protests, etc.

3. Taxing units will participate in the election of board of director members with the same voting strength that they will have after January 1, 2008, even though the election takes place prior to January 1, 2008. Please note, however, that in determining the taxing voting strength, you will utilize the taxes imposed by that district in the 2006 tax year. You will utilize only that tax imposed on property in the county of the appraisal district.
4. Taxing units will participate in the appraisal district's 2008 budget proportionately to their tax levy on property in your district's county utilizing the 2007 tax assessments.
5. Obviously, this will result in many taxing units that have previously participated in one appraisal district now participating in two or more. Obviously, they will participate in the budgets and election process of each and receive a certified roll from each.
6. Please remember to forward the appraisal district budget to the new entities that will be participating in the district as of January 1, 2008. Notify those units in the same manner and with the same prerogatives as you do the units that currently participate in the appraisal district. Do the same with regarding to those unit's voting entitlements.
7. If your district also collects taxes, the new alignment of appraisal responsibilities may also impact that function. Consider whether you will need to alter your budget if you will soon be appraising for units for which you do not collect or collecting in areas which you no longer appraise. The legislation does not prohibit an appraisal district from collecting outside its county.

After next week's deadline for vetoing bills has passed, MVBA will send a more comprehensive update on the new legislation affecting taxing units and appraisal districts. Until then, please do not hesitate to contact us if you need further information. Or, you may access a current summary of legislation at www.mvbalaw.com. Click on "news" near the left-hand side of the page. Then click on "2007 Regular Session" near the bottom of the page.