TEXAS TAXPAYERS TTARA AND RESEARCH ASSOCIATION

Research Brief

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Appraisal District Officials: Appointed vs. Elected

In 1979, Texas lawmakers passed the "Peveto Bill," named for Representative Wayne Peveto of Orange, TX, that became the foundation of the property tax system we know today. The main goal of the bill was to depoliticize and professionalize the appraisal process.

THINGS TO KNOW

- **Appraisal District Board of Directors** are selected through a nomination and voting process by the taxing units.
- **Chief Appraisers** are appointed and serve at the pleasure of the Board of Directors.
- **Appraisal Review Boards** are appointed by the local administrative judge.

Who determines the amount of property tax owed?

Appraisal districts exist to identify and determine the market value of all property within each county. All property within the district, unless specifically exempted, is to be appraised at its market value to ensure that it is taxed fairly relative to other properties. The appraisal district does NOT determine the amount of property tax owed. Tax bills are calculated based on the property's appraisal (after exemptions) and the tax rates adopted by local taxing units—school districts, cities, counties, and special districts—through their budget and tax rate setting process. Each year local taxing entities establish a new tax rate based on the revenue from property taxes they need to fund their desired budgets. Tax bills are not determined until local taxing units adopt their rates. Until then, the tax owed is ZERO.

History of Appraisal Administration

Texas did not always have appraisal districts. Prior to 1979, each taxing unit was responsible for setting the value of each property it taxed. Property owners would receive separate appraisals from each taxing unit in which the property was located, but no uniform standards were enforced. A school district might set a value on a home at $50,000, while the city might set it at $25,000. It was a system that instilled little public confidence, much as the property tax systems in other states at the time (California's "Prop 13" reforms occurred during this time).

In 1963, the Advisory Commission on Intergovernmental Relations was charged with putting together a report: "*The Role of the State in Strengthening the Property Tax System*." It addressed appointed vs. elected appraisal officials and made the following seven recommendations concerning the matter:

1. *All taxable property in the State should be appraised for taxation only by appraisers certified as to qualifications on the basis of examination by a public agency authorized to perform this function.*
2. *All assessors should be appointed to office, but with eligibility for appointment based on State certification as to qualifications.*
3. *There should be no requirement of prior residence in the assessment district for appointment to the office of assessor.*
4. *Assessors should be appointed by the chief executives or executive boards of local governments when assessment districts are coextensive with such governments, and by the legally constituted governing agencies of multicounty districts.*

Appointed vs. Elected Officials

5. *The State agency authorized to supervise property tax administration should be empowered to establish the professional qualifications of assessors and appraisers and certify candidates as to their fitness for employment of the basis of examinations given by it or of examinations satisfactory to it given by a State or local personnel agency.*
6. *The State supervisory agency should be empowered to prescribe and enforce minimum professional staffing requirements in all local assessment districts, and also to contract with local districts for the provision of part-time technical personnel.*
7. *To avoid obstruction to the local recruitment and retention of competent professional personnel, the State legislatures should not set, or place limits on, salaries paid certified local assessors and appraisers.*

In part, drawing from those recommendations the Legislature passed the "Peveto Bill" which enacted the modern property tax system under which we operate today. A central appraisal district was established in each county. This essentially guaranteed property owners a single, professionally-determined appraisal and separated tax appraisals from taxing units. Further, the bill gave taxpayers the opportunity to protest valuations that appeared out of line with market conditions by creating appraisal review boards within each appraisal district independent of the chief appraiser. Boards hear appeals from property owners who believe the appraisal district has erroneously valued their property.

Appraisal District Officials

Each appraisal district is governed by a board of five directors selected by the district's taxing units. To be eligible to serve on the central appraisal district board, a person must be a resident in the district for at least two years prior to taking office. Once appointed, an individual serves a two-year term. Elected officials of the taxing units are eligible to serve on the board. The county tax assessor-collector, in the capacity of their elected office, serves on the board of directors as a non-voting director. The board is responsible for hiring a chief appraiser and other various administrative matters.

The chief appraiser manages the appraisal office and must be a certified professional appraiser. The chief appraiser has to notify the Comptroller of Public Accounts each year by January 1 of the current status of his or her certifications and designations.

Appraisal review board members are generally appointed by the local administrative judge. A person must be a resident of the district for at least 2 years prior to appointment. To be considered, a person must apply for the position through the appraisal district. The district then forwards all applications to the local administrative judge for consideration.

Electing Appraisal District Officials

The current selection process of appraisal district officials achieves many of the goals of a highly competent appraisal system, though the idea of electing appraisal officials continues to be part of the legislative discussion. Roughly one-third of all states allow for elected property tax officials; however, property taxes in those states tend to be much less significant than in Texas. Challenges experienced in these states include:

- Political pressure and promises made during a campaign can cause pressure to push values down—particularly on homesteads—shifting more of the tax burden to other properties.
- Availability of qualified individuals to appraise property while meeting the residency requirements of an elected official.
- The potential for turnover of elected officials when the electorate is unhappy with the valuations, regardless of market conditions.
- Possible loss of equitable taxation across the state, which is provided for by Article VIII, Section 1(a) of the Texas Constitution.

Conclusion

Property appraisal should be a professional process, rather than a political process. Chief appraisers need to competently assess all property at the appropriate market value without political pressures from a taxing unit or the electorate. The gold standard of market valuation must be maintained to achieve a fair and equitable property tax system for all taxpayers provided by the Texas Constitution.