

BILL ANALYSIS

Senate Research Center

H.B. 3071
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Intergovernmental Relations
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Engrossed

AUTHOR'S/SPONSOR'S STATEMENT OF INTENT

Title 1, Tax Code, governs the process by which the property tax is administered and enforced. It also governs interactions between property owners, appraisal districts and taxing units, and potentially involved appraisal review boards, the comptroller of public accounts, tax agents, fee appraisers, and attorneys.

The procedures and directives set out in Title 1 exist to ensure that each party's rights and responsibilities are clearly defined. Because school districts, cities, counties, and other local taxing units rely so heavily on revenue from property taxes, it is imperative that the system operate at maximum efficiency.

H.B. 3071 seeks to achieve such efficiency through a series of changes that remove ambiguity, clarify roles, provide consistency, and ensure fairness to property owners who pay their taxes on-time, by strengthening provisions relating to enforcement.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1.07(b), Tax Code, to make nonsubstantive changes.

SECTION 2. Amends Section 1.11(b), Tax Code, to require that a request made under this section, in order to be effective, be filed with the appraisal district, and provides that the request remains in effect until revoked by a written revocation filed with the appraisal district by the owner.

SECTION 3. Amends Section 6.02(a), Tax Code, to delete the exception, as otherwise provided by this section, to the provision that the appraisal district's boundaries are the same as the county's boundaries. Provides that this section does not preclude the boards of directors of two or more adjoining appraisal districts from providing for the operation of a consolidated appraisal district by interlocal contract.

SECTION 4. Amends Section 6.035(a), Tax Code, to provide that an individual is ineligible to serve on an appraisal district board of directors and is disqualified from employment as chief appraiser if, among other reasons, the individual owns property on which delinquent taxes have been owed to a taxing unit for a certain period of time, unless a suit to collect the delinquent taxes is deferred or abated under Section 33.061, among other sections.

SECTION 5. Amends Section 6.412(a), Tax Code, to make conforming changes.

SECTION 6. Amends Section 11.43, Tax Code, by adding Subsections (l) and (m), as follows:

(l) Requires the form for an application under Section 11.13 to include a space for the applicant to state the applicant's date of birth. Provides that failure to provide the date of birth does not affect the applicant's eligibility for an exemption under that section, other than an exemption under Section 11.13(c) or (d) for an individual 65 years of age or older.

(m) Entitles a person who receives an exemption under Section 11.13 (Residence Homestead), other than an exemption under Section 11.13(c) or (d) for an individual 65 years of age or older, in a tax year, notwithstanding Subsections (a) and (k), to receive an exemption under Section 11.13(c) or (d) for an individual 65 years of age or older in the next tax year on the same property without applying for the exemption if the person becomes 65 years of age in that next year as shown by information in the records of the appraisal district that was provided to the appraisal district by the individual in an application for an exemption under Section 11.13 on the property or in correspondence relating to the property. Provides that this subsection does not apply if the chief appraiser determines that the individual is no longer entitled to any exemption under Section 11.13 on the property.

SECTION 7. Amends Section 22.28, Tax Code, by amending Subsection (b) and adding Subsection (c), as follows:

(b) Requires the chief appraiser to certify to the assessor for each taxing unit participating in the appraisal district that imposes taxes on the property that the chief appraiser has imposed a penalty under this section, rather than authorizing the chief appraiser to retain a portion of a penalty collected under this section, not to exceed 20 percent of the amount of the penalty, to cover the chief appraiser's costs of collecting the penalty. Requires the assessor to add the amount of the penalty to the original amount of tax imposed on the property and to include that amount in the tax bill for that year; provides that the penalty becomes part of the tax on the property and is secured by the tax lien that attaches to the property under Section 32.01 (Tax Lien), rather than requiring the chief appraiser to distribute the remainder of the penalty to each taxing unit participating in the appraisal district that imposes taxes on the property in proportion to the taxing unit's share of the total amount of taxes imposed on the property by all taxing units participating in the district.

(c) Requires a collector who collects a penalty imposed under Subsection (a), to help defray the costs of administering this chapter, to remit to the appraisal district that employs the chief appraiser who imposed the penalty an amount equal to five percent of the penalty amount collected.

SECTION 8. Amends Section 25.25(d), Tax Code, to provide that payment of the late-correction penalty under this section is secured by the lien that attaches to the property under Section 32.01 and is subject to enforced collection under Chapter 33 (Delinquency).

SECTION 9. Amends Section 26.11(c), Tax Code, to provide that a certain payment absolves the taxing unit of liability for a refund in connection with taxes on the property for the year of the transfer. Makes conforming and nonsubstantive changes.

SECTION 10. Amends Section 31.073, Tax Code, to provide that a restriction or condition place on a check in payment of not only taxes, but also penalties or interest, by the maker that limits the amount of not only taxes, but also penalties or interest, owed to an amount less than stated in the tax bill or shown by the tax collector's records, is void unless the restriction or condition is authorized by this code.

SECTION 11. Amends Section 31.08(a), Tax Code, to include any known costs and expenses under Section 33.48, among the costs that must be shown on a certain certificate provided by a collector of a taxing unit. Makes nonsubstantive changes.

SECTION 12. Amends Section 32.05, Tax Code, by amending Subsections (b) and (c) and adding Subsections (b-1), (d), and (e), as follows:

(b) Provides that, except as provided by Subsection (c)(1), rather than Subsection (c) of this section, a tax lien provided by this chapter takes priority over not only certain claims, but any lien held by a property owners' association, homeowners' association, condominium unit owners' association, or council of owners of a condominium regime under a restrictive covenant, condominium declaration, master deed, or other similar

instrument that secures regular or special maintenance assessments, fees, dues, interest, fines, costs, attorney's fees, or other monetary charges against the property; and any right of remainder, right or possibility of reverter, or other future interest in, or encumbrance against, the property, whether vested or contingent.

(b-1) Provides that the priority given to a tax lien by Subsection (b) prevails, regardless of whether the debt, lien, future interest, or other encumbrance existed before attachment of the tax lien.

(c) Makes conforming and nonsubstantive changes.

(d) Provides that, in an action brought under Chapter 33 (Delinquency) for the enforced collection of a delinquent tax against property, a property owners' association, homeowners' association, condominium unit owners' association, or council of owners of a condominium regime that holds a lien for regular or special maintenance assessments, fees, dues, interest, fines, costs, attorney's fees, or other monetary charges against the property is not a necessary party to the action unless, at the time the action is commenced, notice of the lien in a liquidated amount is evidenced by a sworn instrument duly executed by an authorized person and recorded with the clerk of the county in which the property is located. Provides that a tax sale of the property extinguishes the lien held by a property owners' association, homeowners' association, condominium unit owners' association, or council of owners of a condominium regime for all amounts that accrued before the date of sale if certain conditions are met.

(e) Provides that the existence of a recorded restrictive covenant, declaration, or master deed that generally provides for the lien held by a property owners' association, homeowners' association, condominium unit owners' association, or council of owners of a condominium regime does not, by itself, constitute actual or constructive notice to a taxing unit of a lien under Subsection (d).

SECTION 13. Amends Sections 33.011(a) and (d), Tax Code, as follows:

(a) Provides that a property qualifies for a certain exemption as evidenced by the approval of the exemption by the chief appraiser under Section 11.45 (Action on Exemption Applications). Makes conforming and nonsubstantive changes.

(d) Requires a request for a waiver of penalties and interest under Subsection (a)(1), (b), or (h), rather than this section, to be made by a certain date. Requires a request for a waiver of penalties and interest under Subsection (a)(2) to be made by a certain date. Requires a waiver of penalties or interest under this section, in order to be valid, to be requested in writing. Prohibits the governing body of a taxing unit, if a written request for a waiver is not timely made, from waiving any penalties or interest under this section.

SECTION 14. Amends Section 33.02(a), Tax Code, to provide that this section applies to any collector for a taxing unit, rather than only a collector for a taxing unit that collects its own taxes.

SECTION 15. Amends Subchapter A, Chapter 33, Tax Code, by adding Section 33.045, as follows:

Sec. 33.045. NOTICE OF PROVISIONS AUTHORIZING DEFERRAL OR ABATEMENT. (a) Requires a tax bill mailed by an assessor or collector under Section 31.01 (Tax Bills) and any written communication delivered to a property owner by an assessor or collector for a taxing unit or an attorney or other agent of a taxing unit that specifically threatens a lawsuit to collect a delinquent tax to contain a certain explanation in capital letters.

(b) Provides that this section does not apply to a communication that relates to taxes that are the subject of pending litigation.

SECTION 16. Amends the heading to Section 33.06, Tax Code, to read as follows:

Sec. 33.06. DEFERRED COLLECTION OF TAXES ON RESIDENCE HOMESTEAD OF DISABLED PERSON.

SECTION 17. Amends Sections 33.06(a) and (b), Tax Code, as follows:

(a) Deletes existing text providing that an individual who is 65 years of age or older is entitled to defer collection of a tax or abate certain actions.

(b) Prohibits a tax unit, after an affidavit is filed under this subsection, and until a certain date, from not only selling at a sale to foreclose a tax lien under this section, and from not only filing, but threatening to file, suit to collect delinquent taxes on the property, and from taking other action against an individual under this section to collect delinquent taxes on the property.

SECTION 18. Amends Subchapter A, Chapter 33, Tax Code, by adding Section 33.061, as follows:

Sec. 33.061. AUTOMATIC DEFERRAL OR ABATEMENT OF COLLECTION OF TAXES ON RESIDENCE HOMESTEAD OF ELDERLY PERSON. (a) Provides that this section applies only to property that an individual who is 65 years of age or older owns and occupies as a residence homestead.

(b) Prohibits a taxing unit from filing or threatening to file suit to collect delinquent taxes on the property or taking other action against the individual to collect delinquent taxes on the property and selling the property at a sale to foreclose the tax lien until a certain date. Provides that this subsection does not prohibit a taxing unit or an attorney or other agent of a taxing unit from delivering to an individual a notice that delinquent taxes are owing on the individual's residence homestead.

(c) Authorizes the property owner, if property is sold in violation of this section, to file a motion to set aside the sale under the same cause number and in the same court as a judgment referenced in the order of sale. Requires the motion to be filed during the applicable redemption period as set forth in Section 34.21 (Right of Redemption). Provides that this right is not transferable to a third party.

(d) Provides that this section does not affect the duty of the assessor for the taxing unit to prepare and mail a bill for the taxes on the property as provided by Section 31.01 (Tax Bills). Provides that a tax lien remains on the property and interest continues to accrue during the period that collection of taxes is deferred or abated under this section. Provides that the annual interest rate during the period of deferral or abatement is eight percent instead of the rate provided by Section 33.01 (Penalties and Interest). Provides that interest and penalties that accrued or that were incurred or imposed under Section 33.01 or 33.07 (Additional Penalty for Collection Costs for Taxes Due Before June 1) before the date the individual attained the age of 65 are preserved. Provides that a penalty under Section 33.01 is not incurred during a period of deferral or abatement. Authorizes the additional penalty under Section 33.07 to be imposed and collected only if the taxes for which collection is deferred or abated remain delinquent on or after a certain date. Provides that a plea of limitation, laches, or want of prosecution does not apply against the taxing unit because of a deferral or abatement of collection under this section.

(e) Requires the chief appraiser for each appraisal district, each year, to publicize in a manner reasonably designed to notify all residents of the district or county of the provisions of this section.

(f) Requires the collector for the taxing unit, for the first tax year that an individual who qualifies for a deferral or abatement under this section or a person acting on behalf of the individual fails to pay the taxes on the property before the

delinquency date, by a certain date, to mail the individual a notice with certain language.

(g) Requires a taxing unit to include in a notice under Subsection (f) its name, address, and telephone number and any information necessary to identify the property, prohibits the taxing unit from including any other information. Authorizes the collector for a taxing unit who mails a notice under Subsection (f) to an individual who qualifies for a deferral or abatement under this section and whose taxes on the property for a tax year are not paid before the delinquency date to mail a notice as provided by Subsection (f) for any subsequent tax year for which the individual's taxes on the property are not paid before that date.

(h) Provides that if an individual who is 65 years of age or older dies, the deferral or abatement of the collection of taxes on the property continues in effect until the 181st day after the date the surviving spouse of the individual no longer owns and occupies the property as a residence homestead if certain conditions are met.

(i) Authorizes an individual to elect not to receive a deferral or abatement under this section. Requires an individual who elects not to receive the deferral or abatement to file with the chief appraiser for the appraisal district in which the property is located a written statement signed by the individual affirmatively stating that the individual elects not to receive the deferral or abatement. Provides that the election is effective on the date the chief appraiser receives the individual's written statement. Requires the chief appraiser to notify each taxing unit participating in the district of the individual's election.

SECTION 19. Amends Section 33.22, Tax Code, by adding Subsections (d) and (e), as follows:

(d) Entitles a collector to recover attorney's fees in an amount equal to the compensation specified in the contract with the attorney if certain conditions are met.

(e) Entitles the collector for the taxing unit is entitled, if a taxing unit is represented by an attorney who is also an officer or employee of the taxing unit, to recover attorney's fees in an amount equal to 15 percent of the total amount of delinquent taxes, penalties, and interest that the property owner owes the taxing unit.

SECTION 20. Amends Section 33.23(a), Tax Code, to include attorney's fees among those costs to be paid through the actions of a tax warrant.

SECTION 21. Amends Section 33.25, Tax Code, by amending Subsections (f) and (h) to make conforming changes, and adding Subsection (i), to authorize, after a tax warrant is issued, the seizure or sale of the property to be canceled and terminated at any time by the applicant or an authorized agent or attorney of the applicant.

SECTION 22. Amends Section 33.43(a), Tax Code, to include among those allegations in a petition that make the petition initiating a suit to collect a delinquent property tax sufficient, the allegation that the attorney signing the petition or a person acting on the attorney's behalf has reviewed the records of the taxing unit or appraisal district and that the records reviewed do not show that the property described in the petition is the residence homestead of a person who is disabled or 65 years of age or older. Makes nonsubstantive changes.

SECTION 23. Amends Section 33.48, Tax Code, by adding Subsection (d), to require a collector who accepts a payment of the court costs and other expenses described by this section to disburse the amount of the payment in a certain way.

SECTION 24. Amends Section 33.51, Tax Code, as follows:

Sec. 33.51. WRIT OF POSSESSION. (a) Creates Subsection (a) from existing text.

(b) Requires the officer charged with executing the writ to place the purchaser or the purchaser's assigns in possession of the property described in the purchaser's

deed without further order from any court and in the manner provided by the writ, subject to any notice to vacate that may be required to be given to a tenant under Section 24.005(b), Property Code.

(c) Requires the writ of possession to order the officer executing the writ to take certain actions.

(d) Requires the writ of possession to authorize the officer, at the officer's discretion, to engage the services of a bonded or insured warehouseman to remove and store, subject to applicable law, all or part of the personal property at no cost to the purchaser, the purchaser's assigns, or the officer executing the writ. Prohibits the officer from requiring the purchaser or the purchaser's assigns to store the personal property.

(e) Requires the writ of possession to contain notice to the officer that under Section 7.003 (Liability Regarding Execution of Writs), Civil Practice and Remedies Code, the officer is not liable for damages resulting from the execution of the writ if the officer executes the writ in good faith and with reasonable diligence.

(f) Provides that the warehouseman's lien on stored property, the officer's duties, and the occupants' rights of redemption as provided by Section 24.0062 (Warehouseman's Lien), Property Code, are all applicable with respect to any personal property that is removed under Subsection (d).

(g) Authorizes a sheriff or constable to use reasonable force in executing a writ under this section.

(h) Provides that, if a taxing unit is a purchaser and is entitled to a writ of possession in the taxing unit's name, a bond may not be required of the taxing unit for issuance or delivery of a writ of possession; and a fee or court cost may not be charged for issuance or delivery of a writ of possession.

(i) Defines "premises," and "purchaser."

SECTION 25. Amends Subchapter C, Chapter 33, Tax Code, by adding Section 33.57, as follows:

Sec. 33.57. ALTERNATIVE NOTICE OF TAX FORECLOSURE ON CERTAIN PARCELS OF REAL PROPERTY. (a) Defines "appraised value."

(b) Authorizes this section to be invoked and used by one or more taxing units if there are delinquent taxes, penalties, interest, and attorney's fees owing to a taxing unit on a parcel of real property and certain conditions are met.

(c) Authorizes one or more taxing units to file a single petition for foreclosure under this section that includes multiple parcels of property and multiple owners. Authorizes, alternatively, separate petitions to be filed and docketed separately for each parcel of property. Authorizes another taxing unit with a tax claim against the same parcel to intervene in an action for the purpose of establishing and foreclosing its tax lien without further notice to a defendant. Requires the petition to be filed in the county in which the tax was imposed and is sufficient if it is in substantially the form prescribed by Section 33.43 (Petition) and further makes certain allegations.

(d) Requires a taxing unit, simultaneously with the filing of the petition under this section, to also file a motion with the court seeking an order approving notice of the petition to each defendant by certified mail in lieu of citation and, if the amount of delinquent taxes, penalties, interest, and attorney's fees alleged to be owed exceeds the appraised value of the parcel, waiving the appointment of an

attorney ad litem. Requires the motion to be supported by certified copies of tax records that show certain information.

(e) Requires the court to approve a motion under Subsection (d) if the documents in support of the motion show certain facts.

(f) Requires the taxing unit or its attorney, before filing a petition under this section, or as soon afterwards as practicable, to determine the address of each owner of a property interest in the parcel for the purpose of providing notice of the pending petition. Provides that, if the title search, the taxing unit's tax records, and the appraisal district records do not disclose an address of a person with a property interest, consulting certain sources of information is to be considered a reasonable effort by the taxing unit or its attorney to determine the address of a person with a property interest in the parcel subject to foreclosure.

(g) Requires the taxing unit or its attorney, by a certain date, to send a copy of the petition and a notice by certified mail to each person whose address is determined under Subsection (f), informing the person of the pending foreclosure action and the scheduled hearing. Requires a copy of each notice to be filed with the clerk of the court together with an affidavit by the tax collector or by the taxing unit's attorney attesting to the fact and date of mailing of the notice.

(h) Requires the taxing unit, in addition to the notice required by Subsection (g), to provide notice by publication and by posting to all persons with a property interest in the parcel subject to foreclosure. Specifies certain requirements for the notice and sufficient proof of publication or posting of the notice.

(i) Sets forth certain information that the notice must include.

(j) Authorizes a person claiming a property interest in a parcel subject to foreclosure to contest a taxing unit's petition by filing with the clerk of the court a written response to the petition not later than the seventh day before the date scheduled for hearing on the petition and specifying in the response any affirmative defense of the person. Requires a copy of the response to be served on the taxing unit's attorney of record in the manner required by Rule 21a, Texas Rules of Civil Procedure. Entitles the taxing unit, on request, to a continuance of the hearing if a written response filed to a notice of the hearing contains an affirmative defense or requests affirmative relief against the taxing unit.

(k) Authorizes a taxing unit, before entry of a judgment under this section, to remove a parcel erroneously included in the petition and to take a voluntary nonsuit as to one or more parcels of property without prejudicing its action against the remaining parcels.

(l) Requires the taxing unit, if before the hearing on a taxing unit's petition the taxing unit discovers a deficiency in the provision of notice under this section, to take reasonable steps in good faith to correct the deficiency before the hearing. Provides that a notice provided by Subsections (g)-(i) is in lieu of citation issued and served under Rule 117a, Texas Rules of Civil Procedure. Prohibits, regardless of the manner in which notice under this section is given, an attorney ad litem from being appointed for a person with an interest in a parcel with delinquent taxes, penalties, interest, and attorney's fees against the parcel in an amount that exceeds the parcel's appraised value. Provides that, to the extent of any additional conflict between this section and the Texas Rules of Civil Procedure, this section controls. Provides that, except as otherwise provided by this section, a suit brought under this section is governed generally by the Texas Rules of Civil Procedure and by Subchapters C and D of this chapter.

(m) Requires a judgment in favor of a taxing unit under this section to be only for foreclosure of the tax lien against the parcel. Prohibits the judgment from including a personal judgment against any person.

(n) Provides that a person is considered to have been provided sufficient notice of foreclosure and opportunity to be heard for purposes of a proceeding under this section if the taxing unit follows the procedures required by this section for notice by certified mail or by publication and posting or if one or more of certain conditions apply.

SECTION 26. Amends Section 41.097(a), Education Code, to provide that the total amount required under Section 41.093 (Cost) for a district to purchase attendance credits under this subchapter for any school year is reduced by an amount equal to the product of the district's total costs, rather than district's costs, under Section 6.06 (Appraisal District Budget and Financing), Tax Code, for the appraisal district or districts, rather than the central appraisal district, in which it participates multiplied by a percentage that is computed by dividing the total amount required under Section 41.093 by the total amount of taxes imposed in the district for that year less any amounts paid into a tax increment fund under Chapter 311 (Tax Increment Financing Act), Tax Code.

SECTION 27. Amends Section 41.210(b), Education Code, to specify that the subsection applies to the chief appraiser of the appraisal district in which the property is located, rather than the chief appraiser of the appraisal district for the school district from which the property is detached.

SECTION 28. Amends Section 403.302(d), Government Code, to make a conforming change.

SECTION 29. Amends Section 12.002(e), Property Code, to provide that this subsection does not apply if a taxing unit acquired the real property for public use through eminent domain proceedings or voluntary sale. Makes nonsubstantive changes.

SECTION 30. Amends Subchapter B, Chapter 21, Property Code, by adding Section 21.0211, as follows:

Sec. 21.0211. PAYMENT OF AD VALOREM TAXES. Prohibits a court from authorizing withdrawal of any money deposited under Section 21.021 (Possession Pending Litigation) unless the petitioner for the money files certain documents with the court. Defines "case of a whole taking."

SECTION 31. Amends Section 17.091(a), Civil Practice and Remedies Code, to provide that, in a suit to collect delinquent property taxes by the state or a subdivision of the state in which a person who is a defendant is a nonresident, the secretary of state is an agent for service of process on that defendant if the defendant not only owns, has, or claims an interest in, but also claims a lien against, property in this state that is the subject of the suit.

SECTION 32. Makes Section 31.073, Tax Code, as amended by this Act, prospective.

SECTION 33. Provides that Section 32.05, Tax Code, as amended by this Act, applies to any lien, regardless of the date on which it arose, and to any cause of action pending on the effective date of this Act or brought after that date.

SECTION 34. Makes application of Section 33.011, Tax Code, prospective.

SECTION 35. Provides that Section 33.02, Tax Code, as amended by this Act, applies to an installment agreement entered before, on, or after the effective date of this Act.

SECTION 36. Provides that Section 33.22, Tax Code, as amended by this Act, applies only to a tax warrant proceeding pending on the effective date of this Act or brought after that date.

SECTION 37. Makes application of Section 33.23, Tax Code, prospective.

SECTION 38. Makes application of Section 33.25, Tax Code, as amended by this Act, prospective.

SECTION 39. Provides that Section 33.48, Tax Code, as amended by this Act, applies only to a cause of action pending on the effective date of this Act or brought after that date.

SECTION 40. Provides that Section 33.51, Tax Code, as amended by this Act, applies to a writ of possession that is based on a judgment entered before, on, or after the effective date of this Act.

SECTION 41. Provides that Section 33.57, Tax Code, as added by this Act, applies only to a cause of action pending on the effective date of this Act or brought after the effective date of this Act.

SECTION 42. Makes application of Section 12.002(e), Property Code, prospective.

SECTION 43. Makes application of Section 21.0211, Property Code, prospective.

SECTION 44. Provides that Section 17.091, Civil Practice and Remedies Code, as amended by this Act, applies only to a cause of action pending on the effective date of this Act or brought after the effective date of this Act.

SECTION 45. Makes Section 11.43(m), Tax Code, as added by this Act, apply only to eligibility for an exemption from ad valorem taxation under Section 11.13(c) or (d), Tax Code, for an individual 65 years of age or older for a tax year beginning on or after January 1, 2006.

SECTION 46. Repealer:

- (1) Section 13.007 (Boundary Changes Resulting in Appraisal District Changes), Education Code;
- (2) Sections 6.02 (District Boundaries) (b)-(g), Tax Code;
- (3) Section 6.025 (Overlapping Appraisal Districts; Overlapping Districts), Tax Code; and
- (4) Section 6.03 (Board of Directors) (m), Tax Code.

SECTION 47. (a) Provides that the changes in law made by this Act relating to the appraisal of property for ad valorem tax purposes apply only to the appraisal of property for a tax year that begins on or after January 1, 2006.

(b) Provides that the term of each appraisal district director in an appraisal district described by Section 6.025, Tax Code, as that law existed immediately before September 1, 2005, serving a staggered term that but for this subsection would expire after January 1, 2006, expires on January 1, 2006. Requires the appraisal district board of directors to fill the vacant directorships as soon as practicable after January 1, 2006, as provided by Section 6.03(l), Tax Code.

(c) Entitles a taxing unit, notwithstanding Section 6.03, Tax Code, to vote in 2005 for appraisal district directors for terms beginning on January 1, 2006, in each appraisal district in which the taxing unit will participate in 2006 under the law as amended by this Act. Provides that the voting entitlement of each taxing unit entitled to vote for directors in 2005 is determined for each appraisal district by a certain formula. Entitles a taxing unit located in two or more counties to vote in the appraisal district established for each county in which it is located, but provides that only the taxes imposed in 2004 in the county for which a district is established are used to calculate the 2005 voting entitlement in that district.

(d) Requires the chief appraiser of each appraisal district, notwithstanding Section 6.06, Tax Code, not later than September 15, 2005, to revise the proposed 2006 budget for the district, if necessary, to account for the changes in law made by this Act.

(e) Provides that, notwithstanding Section 6.06, Tax Code, for the 2006 tax year, each taxing unit participating in an appraisal district in 2006 is allocated a portion of the amount of the 2006 budget for the district equal to the proportion that the total dollar amount of property taxes imposed in the county for which the district is established by the unit for the 2005 tax year bears to the sum of the total dollar amount of property taxes

imposed in the county by each participating unit for that year. Provides that if a taxing unit participates in two or more appraisal districts in 2006, only the 2005 taxes imposed in the county for which a district is established are used to calculate the unit's cost allocations for 2006 in that district.

SECTION 48. (a) Effective date: September 1, 2005, except as provided by Subsection (b) of this section, this Act takes effect.

(b) Provides that the following sections of this Act take effect January 1, 2006:

- (1) SECTION 49, amending Section 6.02(a), Tax Code;
- (2) SECTION 50, amending Section 41.097(a), Education Code;
- (3) SECTION 51, amending Section 41.210(b), Education Code; and
- (4) SECTION 52, repealing Section 13.007, Education Code, and Sections 6.02(b)-(g), 6.025, and 6.03(m), Tax Code.