

**To the Mayor and Members of the City Council****September 21, 2021**

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SUBJECT: LEGISLATIVE CHANGES TO PROCESS FOR SELECTING MEMBERS FOR THE BOARD OF DIRECTORS OF APPRAISAL DISTRICTS

The purpose of this informal report is to provide an overview of the process for making appointments to appraisal districts' boards of directors and highlight a legislative change impacting the 2022-2023 term.

Background

Chapter 6 of the Texas Property Tax Code creates an appraisal district in every county in the State of Texas. Each appraisal district is governed by a board of directors, which generally consists of five individuals. Members serve two-year terms beginning on January 1 of even-numbered years.

Board members are "appointed by vote" of the governing bodies of participating taxing units. The appointment by vote process involves two steps – nomination and casting of votes.

Each taxing unit can nominate one candidate for each position to be filled on a board. Nominations must be made by a resolution adopted by the City Council as governing body, and the City's nominees must be submitted to each chief appraiser before October 15.

After the chief appraiser has nomination information from the taxing units, she or he prepares a ballot that lists all nominees in alphabetical order by last name. The chief appraiser for each district must provide a ballot to the presiding officer of each taxing unit before October 30.

Taxing units in each district then cast their votes for one or more nominees. For each appraisal district, there are 1,000 votes available for each directorship to be filled. With a district governed by five members that means there are a total of 5,000 votes to be cast.

Votes are allotted based on a comparison of each unit's property tax in the district during the prior year versus the total of all taxes imposed in the district. For example, if the City's tax assessment in a district were 10% of the total, the City would be allotted 500 of the 5,000 votes. Votes must be cast by a resolution adopted by the City Council, and the deadline for advising the chief appraiser of how votes have been cast has historically been before December 15.

Legislative Change

HB 988 was adopted during the 2021 regular session and signed by the Governor in June. Among other changes, the bill adds a special secondary deadline for casting votes for an appraisal district appointment in certain cases.

For the appraisal district of a county with a population of 120,000 or more, a taxing unit that is entitled to cast at least five percent of the total votes must "determine its vote by resolution adopted at the first or second open meeting . . . held after the date the chief appraiser delivers the ballot [and] must submit its vote to the chief appraiser not later than the third day following the date the resolution is adopted."

Because the City of Fort Worth extends into five counties, there are five appraisal districts that assess values for property in the City. However, the only City territory in Johnson County is owned by the City itself and is not subject to tax; therefore, the City has no power to nominate or vote for the board of the Central Appraisal District of Johnson County.



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For Parker, Denton, and Wise Counties, in which the City has taxable property, Fort Worth's allocation of votes falls well below the five percent threshold, and the traditional December 15 deadline is the only one that applies. However, the new secondary deadline will apply to Fort Worth's appointment by vote for the Tarrant Appraisal District board.

Appointment by Vote Process for 2022 Terms

Staff recommends employing the following schedule for the City's appointment by vote for the appraisal district terms that begin January 1, 2022:

| <u>Date</u> | <u>Action</u> |
|--------------------|--|
| September 28, 2021 | Consider resolutions to nominate candidates (No meetings on Oct. 5; no fallback if scheduled for Oct. 12) |
| November 2, 2021 | Consider resolution to cast votes for Tarrant Appraisal District (Meets the "first or second open meeting" requirement) |
| November 3, 2021 | Notify Tarrant chief appraiser of City's votes (Deadline is Nov 5) |
| November 16, 2021 | Consider resolutions to vote for Denton, Parker, and Wise (Last meeting until December; well in advance of deadline) |
| November 17, 2021 | Notify chief appraiser of each district of City's votes (Deadline is December 15, 2021) |

If you have any questions, please call Denis McElroy, Assistant City Attorney, at 817-392-7600.

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City Manager