

County Appraisal District (CAD) Board of Directors: Responsibilities - Do's and Don'ts

TAAD 2010 Conference, February 2010

**By Dennis Hart
Linebarger Goggan Blair & Sampson, LLP**

and

**Debbie Wheeler
Client Liaison
Perdue Brandon Fielder Collins & Mott, LLP**

- **Establish the CAD's office by purchase or lease of office space or by construction of a building.**
 - DO: Consider budget restraints.
Has CAD been setting aside money for this purpose?
How healthy is local economy?
How will taxing units respond?
Is it better to purchase or lease?
 - DO: Consider location, availability of parking, convenience to taxpayers, storage facilities, room for ARB hearings and board meetings, allowance for expansion.
 - DO: If selling real property, CAD must credit proceeds of sale to each taxing unit in proportion to unit's CAD budget allocation in year of the sale.
 - DON'T proceed with purchase, sale, lease or construction of property unless three-fourths of taxing units entitled to vote on directors approve proposal by giving written notice of approval.
 - DON'T fail to include with proposal to taxing units all costs associated with land and building transaction and costs of other available property alternatives.

- **Adopt the CAD's annual budget**

- DO: Adopt a budget before September 15. Chief appraiser must submit proposed budget before June 15 and a public hearing with proper notice must occur before adoption.
- DO: Include in the budget each proposed employee position with salary and benefits, each proposed capital expenditure, an estimate of the budget to be allocated to each taxing unit, and other items necessary for CAD operations including contract payments for services, funds for ARB operations, reimbursement for director expenses, employee education expenses and legal fees and expenses incurred by the CAD and ARB.
- DO: Amend the budget following the Tax Code procedures to notify the taxing units about the budget amendment.
- DO: Select a depository for CAD funds at least once every two years.
- DO: Consult the CAD's attorney or financial advisor about investing CAD funds and other subjects addressed by the Public Funds Investment Act (Government Code Chapter 2256).
- DON'T fail to adopt a new budget within 30 days if a majority of the voting taxing units veto the proposed budget and remember to notify the taxing units at least 30 days of proposed budget amendments.
- DON'T include collection or assessment services in the CAD's operations budget if the district collects taxes. This should be a separate budget for only those units' receiving collection services.
- DON'T go longer than one year in having a CPA perform a financial audit of the CAD. The audit report should be delivered to all voting taxing units and be made available to the public.
- DON'T hold surplus money from one budget year to the next. Tax Code Section 6.06(j) requires that the CAD refund *unobligated* funds to the taxing units.
- DON'T purchase items of more than \$50,000 without following competitive bidding requirements (the same as a city).

- **Hire a chief appraiser**

- DO: Develop written procedures on how the board will seek applicants, use selection criteria, and handle the hiring process.
- DO: Set qualifications for the position. Ask for and speak to references. Try to interview as many qualified applicants as possible. Have a written job description for the chief appraiser.
- DO: If possible, use organizations like TAAD and TAAO to help advertise a chief appraiser vacancy.
- DO: Require the chief appraiser to have or be working toward the Registered Professional Appraiser (RPA) designation.
- DO: Evaluate the chief appraiser on a regular basis with a board developed evaluation instrument. Give the chief appraiser feedback on performance.
- DO: Consider comparable salaries when the board determines the chief appraiser's salary.
- DON'T hire a person who owes delinquent property taxes unless he/she is under an installment or deferral or abatement.
- DON'T hire a person who is closely related to a person who appraises property or represents property owners for compensation before the ARB.
- DON'T: Hire a person who has a criminal background or is unwilling to follow all laws in the Property Tax Code.
- DON'T appraise property for the CAD. That is the responsibility of the chief appraiser and staff of the CAD.

- **Appoint Appraisal Review Board (ARB) members and select ARB chairperson and secretary**

- DO: Develop written procedures on how the board will seek ARB applicants, use selection criteria, and handle the selection process.
- DO: Establish the type of professional credentials or background necessary to serve as an ARB member.

- DO: Evaluate the current ARB members before reappointment on performance, adhering to attendance, and other legal requirements.
 - DO: Attempt to select an ARB chair and secretary that has a background in law and/or appraisal, if available.
 - DON'T select an ARB member who has an ax to grind. Look for impartial individuals.
 - DON'T select a person who is closely related to a person who appraises property or represents property owners for compensation before the ARB.
- **Biennially adopt a written plan for the periodic reappraisal of all property in the appraisal district**
 - DO: Adopt the two-year reappraisal plan by September 15 of each even-numbered year, after posting notice.
 - DO: Hold a public hearing on the plan with notice to the taxing units.
 - DON'T ignore comments about the plan at the public hearing. Consider the comments when reviewing the final plan and address any amendments to the proposed plan.
- **Notify participating taxing units of a vacancy on the board and selecting a replacement from nominees submitted**
 - DO: Develop written procedures on how the board will notify the taxing units of a vacancy on the board and the selection criteria.
 - DO: Notify the taxing units of the new board member.
- **Select a taxpayer liaison officer (in counties with population over 125,000)**
 - DO: Develop written procedures on how the board will seek a taxpayer liaison officer and the type of professional credentials or background necessary to serve.
 - DO: Include a report from the taxpayer liaison officer at each board meeting.
 - DO: Evaluate the current taxpayer liaison officer regularly about performance and effectiveness.

- DON'T select person who has an ax to grind. Look for an impartial individual who understands the tax process and the purpose of the liaison officer.
 - DON'T select a person who is closely related to a person who works for the appraisal district, works for a taxing unit or appraises property or represents property owners for compensation before the ARB.
- **Provide advice and consent to the chief appraiser concerning appointment of an agricultural advisory board and determine the number of members to that board**
 - DO: Assist the chief appraiser with information on qualifications for the advisory members.
 - DO: Require the chief appraiser to have written procedures on how the advisory board will meet, operate, and retain minutes of meetings.
 - DON'T choose the advisory members for the chief appraiser. The chief appraiser is to seek "advice and consent" from the board as required by Tax Code Section 6.12(a).
- **Contract for necessary services**
 - DO: Develop written procedures on how the board will handle necessary services that fall within the authority of the CAD board.
 - DO: Implement disclosure requirements according to Local Government Code Chapter 176 on conflicts of interest (family or business) and disclosure statement on file and vendor questionnaire on file with CAD.
 - DON'T vote on or fail to disclose conflicts of interest (family or business) on a proposed contract.
 - DON'T pressure the chief appraiser to hire friends or associates.
- **Approve contracts with appraisal firms selected by the chief appraiser**
 - DO: Develop written procedures on how the board will handle contracts with appraisal firms and monitoring of those contracts.

- DO: Implement disclosure requirements according to Local Government Code Chapter 176 on conflicts of interest (family or business) and disclosure statement on file and vendor questionnaire on file with CAD.
 - DON'T vote on or fail to disclose conflicts of interest (family or business) on a proposed contract.
- **Make general policies on the CAD's operation**
 - DO: Develop written procedures on general policies on which the board has authority, including:
 - Board meetings, including open meeting posting
 - General public addressing the board, including a person who is disabled or does not speak English.
 - Function of the board and a complaint process.
 - Reasonable opportunity to speak at board meetings.
 - Taxpayer complaint process.
 - Inspection of data, schedules, records (other than confidential information) by the public.
 - DO: Review the written procedures each year for revisions or additions as warranted.
 - DON'T establish policies that replace the authority of the chief appraiser. For example, don't set a board policy that the board hires and fires employees of the appraisal district. That responsibility rests with the chief appraiser.
 - DON'T hold meetings without the proper open meeting posting. Don't take any actions in executive session.