

By: Howard

H.B. No. 846

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the limitation on the maximum average annual percentage
3 increase in the appraised value of a residence homestead for ad
4 valorem tax purposes.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

6 SECTION 1. Sections 23.23(a) and (e), Tax Code, are amended
7 to read as follows:

8 (a) The appraised value of a residence homestead for a tax
9 year may not exceed the lesser of:

10 (1) the market value of the property; or

11 (2) the sum of:

12 (A) two [~~10~~] percent of the appraised value of
13 the property for the last year in which the property was appraised
14 for taxation times the number of years since the property was last
15 appraised;

16 (B) the appraised value of the property for the
17 last year in which the property was appraised; and

18 (C) the market value of all new improvements to
19 the property.

20 (e) In this section, "new improvement" means an improvement
21 to a residence homestead that is made after the appraisal of the
22 property for the preceding year and that increases the market value
23 of the property. The term does not include repairs to or ordinary
24 maintenance of an existing structure or the grounds or another

1 feature of the property.

2 SECTION 2. This Act takes effect January 1, 2004, and
3 applies only to the appraisal for ad valorem tax purposes of a
4 residence homestead for a tax year that begins on or after that
5 date, but only if the constitutional amendment proposed by the 78th
6 Legislature, Regular Session, 2003, to authorize the legislature to
7 set a lower limit on the maximum average annual percentage increase
8 in the appraised value of a residence homestead for ad valorem tax
9 purposes is approved by the voters. If that amendment is not
10 approved by the voters, this Act has no effect.