

By: Eiland

H.B. No. 1460

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the income method of appraisal of real property for ad
3 valorem tax purposes.

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

5 SECTION 1. Section 23.012, Tax Code, is amended to read as
6 follows:

7 Sec. 23.012. Income Method of Appraisal. If the chief
8 appraiser uses the income method of appraisal to determine the
9 market value of real property, the chief appraiser shall:

10 (1) use [~~rental~~] income and expense data pertaining to
11 the property if possible and applicable;

12 (2) make any projections of future [~~rental~~] income and
13 expenses only from clear and appropriate evidence;

14 (3) use data from generally accepted sources in
15 determining an appropriate capitalization rate; and

16 (4) determine a capitalization rate for
17 income-producing property that includes a reasonable return on
18 investment, taking into account the risk associated with the
19 investment.

20 SECTION 2. This Act takes effect January 1, 2004, and
21 applies only to the appraisal of real property for ad valorem tax
22 purposes for a tax year that begins on or after that date.