

By: Riddle

H.B. No. 97

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the authorization of a local option election in a county
3 to set a limit of less than 10 percent but not less than three
4 percent on the maximum average annual increase in the appraised
5 value of residence homesteads for ad valorem tax purposes.

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

7 SECTION 1. Section 23.23, Tax Code, is amended by amending
8 Subsection (a) and adding Subsection (g) to read as follows:

9 (a) Except as provided by Subsection (g), the ~~[The]~~
10 appraised value of a residence homestead for a tax year may not
11 exceed the lesser of:

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

13 (2) the sum of:

14 (A) 10 percent of the appraised value of the
15 property for the last year in which the property was appraised for
16 taxation times the number of years since the property was last
17 appraised;

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

20 (C) the market value of all new improvements to
21 the property.

22 (g) The commissioners court of a county may call an election
23 in the county to permit the voters of the county to determine
24 whether a lower limitation on appraised value determined in the

1 manner provided by Subsection (a)(2) using a percentage of not less
2 than three percent in place of 10 percent in Subsection (a)(2)(A)
3 will apply to the taxation of residence homesteads in the county by
4 each taxing unit having territory in the county. The election shall
5 be held on the date of the next general election for state and
6 county officers. The ballot proposition shall specify the proposed
7 percentage limitation on increases in appraised value. If a
8 majority of the votes cast at the election favor the establishment
9 of the proposed limitation, the limitation applies beginning with
10 the tax year following the year in which the election is held and
11 remains in effect until amended or repealed by the voters of the
12 county at a subsequent election called by the commissioners court
13 of the county. An election to amend or repeal a limitation shall be
14 held on the date of the next general election for state and county
15 officers. If the voters of a county amend or repeal a limitation,
16 the amendment or repeal applies beginning with the tax year after
17 the year in which the election is held. If a taxing unit has
18 territory in more than one county, the highest percentage
19 limitation on appraised value otherwise applicable in any portion
20 of the territory of the taxing unit applies to the taxation of
21 residence homesteads by the taxing unit throughout that taxing
22 unit's territory.

23 SECTION 2. Section 42.26(d), Tax Code, is amended to read as
24 follows:

25 (d) For purposes of this section, the value of the property
26 subject to the suit and the value of a comparable property or sample
27 property that is used for comparison must be the market value

1 determined by the appraisal district when the property is a
2 residence homestead subject to the limitation on appraised value
3 imposed by or authorized under Section 23.23.

4 SECTION 3. This Act takes effect January 1, 2006, and
5 applies only to the appraisal of a residence homestead for ad
6 valorem tax purposes for a tax year that begins on or after January
7 1, 2006, but only if the constitutional amendment proposed by the
8 79th Legislature, 1st Called Session, 2005, authorizing the
9 legislature to provide for a local option election in a county to
10 set a limit of less than 10 percent but not less than three percent
11 on the maximum average annual increase in the appraised value of
12 residence homesteads for ad valorem tax purposes is approved by the
13 voters. If that amendment is not approved by the voters, this Act
14 has no effect.