

By: Janek

S.B. No. 25

A BILL TO BE ENTITLED

AN ACT

1
2 relating to authorizing the governing body of a taxing unit to
3 establish for purposes of ad valorem taxation by the taxing unit a
4 lower limit on increases in the appraised value of residence
5 homesteads in the taxing unit.

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 Subsections (g) and (h) to read as
9 follows:

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

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

14 (2) the sum of:

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

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

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

23 (g) The governing body of a taxing unit, in the manner
24 required by law for official action, may at any time provide that

1 for purposes of taxation by the taxing unit in the following and
2 each subsequent tax year a lower limitation on appraised value
3 determined in the manner provided by Subsection (a)(2) using a
4 percentage of not less than three percent in place of 10 percent in
5 Subsection (a)(2)(A) will apply to the taxation of residence
6 homesteads by the taxing unit.

7 (h) Subsection (g) does not affect the appraised value of a
8 residence homestead for taxation by a taxing unit other than the
9 taxing unit whose governing body provides for the application of a
10 limitation on appraised value under that subsection. If the
11 governing body of the taxing unit sets the tax rate for more than
12 one taxing unit, an action by the governing body under Subsection
13 (g) does not apply to a taxing unit other than the taxing unit whose
14 governing body takes that action.

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

17 (d) For purposes of this section, the value of the property
18 subject to the suit and the value of a comparable property or sample
19 property that is used for comparison must be the market value
20 determined by the appraisal district when the property is a
21 residence homestead subject to the limitation on appraised value
22 imposed by or authorized under Section 23.23.

23 SECTION 3. This Act takes effect January 1, 2006, and
24 applies only to the appraisal of a residence homestead for ad
25 valorem tax purposes for a tax year that begins on or after January
26 1, 2006, but only if the constitutional amendment proposed by the
27 79th Legislature, 1st Called Session, 2005, authorizing the

1 legislature to authorize the governing body of a political
2 subdivision to establish for purposes of ad valorem taxation by the
3 political subdivision a lower limit on the maximum average annual
4 percentage increase in the appraised value of residence homesteads
5 in the political subdivision is approved by the voters. If that
6 amendment is not approved by the voters, this Act has no effect.