

By: Howard

H.B. No. 48

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the establishment by the commissioners court of a  
3 county for purposes of ad valorem taxation of a limit of less than  
4 10 percent but not less than three percent on the maximum average  
5 annual percentage increase in the appraised value of residence  
6 homesteads in the county.

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

8 SECTION 1. Section 23.23, Tax Code, is amended by amending  
9 Subsection (a) and adding Subsection (g) to read as 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 commissioners court of a county, in the manner  
24 required by law for official action, may provide that a lower

1 limitation on appraised value determined in the manner provided by  
2 Subsection (a)(2) using a percentage specified by the commissioners  
3 court of less than 10 percent but not less than three percent in  
4 place of 10 percent in Subsection (a)(2)(A) will apply to the  
5 taxation of residence homesteads in the county by each taxing unit  
6 having territory in the county. If the commissioners court of a  
7 county adopts a lower limitation on appraisal increases under this  
8 subsection, the limitation remains in effect until amended or  
9 rescinded by the commissioners court. The adoption, amendment, or  
10 rescission of a limitation on appraisal increases under this  
11 subsection may not take effect before the fourth tax year following  
12 the tax year in which the most recent action of the commissioners  
13 court under this subsection to adopt, amend, or rescind a  
14 limitation on appraisal increases took effect. The action of the  
15 commissioners court under this subsection takes effect beginning  
16 with the tax year following the tax year in which the action is  
17 taken, except that the commissioners court may provide for the  
18 action to take effect in the current tax year if the action is taken  
19 before May 1.

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

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

1           SECTION 3. This Act takes effect January 1, 2006, and  
2 applies only to the appraisal of a residence homestead for ad  
3 valorem tax purposes for a tax year that begins on or after January  
4 1, 2006, but only if the constitutional amendment proposed by the  
5 79th Legislature, 2nd Called Session, 2005, authorizing the  
6 legislature to permit the commissioners court of a county to  
7 establish for purposes of ad valorem taxation a limit of less than  
8 10 percent but not less than three percent on the maximum average  
9 annual percentage increase in the appraised value of residence  
10 homesteads in the county is approved by the voters. If that  
11 amendment is not approved by the voters, this Act has no effect.