

By: Riddle

H.B. No. 14

A BILL TO BE ENTITLED

AN ACT

relating to the appraisal of property for ad valorem tax purposes.

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

ARTICLE 1. LIMITATION ON INCREASES IN APPRAISED VALUE OF RESIDENCE  
HOMESTEADS FOR AD VALOREM TAX PURPOSES

SECTION 1.01. Section 23.23, Tax Code, is amended by amending Subsection (a) and adding Subsection (g) to read as follows:

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

(1) the market value of the property; or

(2) the sum of:

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

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

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

(g) The commissioners court of a county may call an election in the county to permit the voters of the county to determine whether a lower percentage limitation on increases in appraised

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12 effect until amended or repealed by the voters of the county at a  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

24 SECTION 1.02. Section 42.26(d), Tax Code, is amended to  
25 read as follows:

26 (d) For purposes of this section, the value of the property  
27 subject to the suit and the value of a comparable property or sample

1 property that is used for comparison must be the market value  
2 determined by the appraisal district when the property is a  
3 residence homestead subject to the limitation on appraised value  
4 imposed by or authorized under Section 23.23.

5 SECTION 1.03. This article takes effect January 1, 2007,  
6 and applies only to the appraisal of a residence homestead for ad  
7 valorem tax purposes for a tax year that begins on or after January  
8 1, 2007, but only if the constitutional amendment proposed by the  
9 79th Legislature, 3rd Called Session, 2006, authorizing the  
10 legislature to provide for a local option election in a county to  
11 set a limit of less than 10 percent but not less than three percent  
12 on the maximum average annual increase in the appraised value of  
13 residence homesteads for ad valorem tax purposes is approved by the  
14 voters. If that amendment is not approved by the voters, this  
15 article has no effect.

16 ARTICLE 2. APPRAISAL FOR AD VALOREM TAX PURPOSES OF PROPERTY

17 LOCATED IN MORE THAN ONE COUNTY

18 SECTION 2.01. Sections 6.02(a) and (b), Tax Code, are  
19 amended to read as follows:

20 (a) The [~~Except as otherwise provided by this section, the~~]  
21 appraisal district's boundaries are the same as the county's  
22 boundaries.

23 (b) This section does not preclude the board of directors of  
24 two or more adjoining appraisal districts from providing for the  
25 operation of a consolidated appraisal district by interlocal  
26 contract [~~A taxing unit that has boundaries extending into two or~~  
27 ~~more counties may choose to participate in only one of the appraisal~~

1 ~~districts. In that event, the boundaries of the district chosen~~  
2 ~~extend outside the county to the extent of the unit's boundaries.~~  
3 ~~To be effective, the choice must be approved by resolution of the~~  
4 ~~board of directors of the district chosen. The choice of a school~~  
5 ~~district to participate in a single appraisal district does not~~  
6 ~~apply to property annexed to the school district under Subchapter C~~  
7 ~~or G, Chapter 41, Education Code, unless:~~

8 ~~[(1) the school district taxes property other than~~  
9 ~~property annexed to the district under Subchapter C or G, Chapter~~  
10 ~~41, Education Code, in the same county as the annexed property; or~~

11 ~~[(2) the annexed property is contiguous to property in~~  
12 ~~the school district other than property annexed to the district~~  
13 ~~under Subchapter C or G, Chapter 41, Education Code].~~

14 SECTION 2.02. Section 41.097(a), Education Code, is amended  
15 to read as follows:

16 (a) The total amount required under Section 41.093 for a  
17 district to purchase attendance credits under this subchapter for  
18 any school year is reduced by an amount equal to the product of the  
19 district's total costs under Section 6.06, Tax Code, for the  
20 [~~central~~] appraisal district or districts in which it participates  
21 multiplied by a percentage that is computed by dividing the total  
22 amount required under Section 41.093 by the total amount of taxes  
23 imposed in the district for that year less any amounts paid into a  
24 tax increment fund under Chapter 311, Tax Code.

25 SECTION 2.03. Section 41.210(b), Education Code, is amended  
26 to read as follows:

27 (b) As soon as practicable after the detachment and

1 annexation of property, the chief appraiser of the appraisal  
2 district in which the property is located [~~for the school district~~  
3 ~~from which the property is detached~~] shall send a written notice of  
4 the detachment and annexation to the owner of any property taxable  
5 in a different school district as a result of the detachment and  
6 annexation. The notice must include the name of the school district  
7 by which the property is taxable after the detachment and  
8 annexation.

9 SECTION 2.04. The following statutes are repealed:

- 10 (1) Section 13.007, Education Code;  
11 (2) Sections 6.02(c), (d), (e), (f), and (g), Tax  
12 Code;  
13 (3) Section 6.025, Tax Code; and  
14 (4) Section 6.03(m), Tax Code.

15 SECTION 2.05. (a) The changes in law made by this article  
16 relating to the appraisal of property for ad valorem tax purposes  
17 apply only to the appraisal of property for a tax year that begins  
18 on or after January 1, 2007.

19 (b) The changes in law made by this article do not affect the  
20 entitlement of a member serving on the board of directors of an  
21 appraisal district immediately before the effective date of this  
22 Act to continue to serve on the board for the remainder of the  
23 member's term. The changes in law apply only to a member appointed  
24 on or after the effective date of this Act.

25 (c) This subsection applies only to an appraisal district  
26 that has adopted staggered terms for members of the district's  
27 board of directors. Notwithstanding Section 6.03, Tax Code, a

1 taxing unit is entitled to vote in 2006 for appraisal district  
2 directors for terms beginning on January 1, 2007, in each appraisal  
3 district in which the taxing unit will participate in 2007 under the  
4 law as amended by this article. The voting entitlement of each  
5 taxing unit entitled to vote for directors in 2006 is determined for  
6 each appraisal district by dividing the total dollar amount of  
7 property taxes imposed by the taxing unit for the 2005 tax year in  
8 the county for which the appraisal district is established by the  
9 sum of the total dollar amount of property taxes imposed in that  
10 county for that year by each taxing unit that is entitled to vote  
11 for directors of that appraisal district under this subsection in  
12 2006, by multiplying the quotient by 1,000, and by rounding the  
13 product to the nearest whole number. That number is multiplied by  
14 the number of directorships to be filled. A taxing unit located in  
15 two or more counties is entitled to vote in the appraisal district  
16 established for each county in which it is located, but only the  
17 taxes imposed in 2005 in the county for which a district is  
18 established are used to calculate the 2006 voting entitlement in  
19 that district.

20 (d) Notwithstanding Section 6.06, Tax Code, for the 2007 tax  
21 year, each taxing unit participating in an appraisal district in  
22 2007 is allocated a portion of the amount of the 2007 budget for the  
23 district equal to the proportion that the total dollar amount of  
24 property taxes imposed in the county for which the district is  
25 established by the unit for the 2006 tax year bears to the sum of the  
26 total dollar amount of property taxes imposed in the county for the  
27 2006 tax year by each unit participating in the district in 2007.

1 If a taxing unit participates in two or more appraisal districts in  
2 2007, only the 2006 taxes imposed in the county for which a district  
3 is established are used to calculate the unit's cost allocations  
4 for the 2007 budget for that district.

5 SECTION 2.06. (a) Except as provided by Subsection (b) of  
6 this section, this article takes effect January 1, 2007.

7 (b) Section 2.05 of this article takes effect September 1,  
8 2006.

9 ARTICLE 3. EFFECTIVE DATE

10 SECTION 3.01. (a) Except as provided by Subsection (b) of  
11 this section, this Act takes effect January 1, 2007.

12 (b) If a section or article of this Act provides a different  
13 effective date than provided by Subsection (a) of this section,  
14 that section or article takes effect according to its terms.