

By: Wong

H.B. No. 152

A BILL TO BE ENTITLED

AN ACT

relating to authorizing the governing body of a school district to establish for purposes of ad valorem taxation by the district a limitation on increases in the appraised value of real property in the district that is less than 10 percent but not less than five percent.

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

SECTION 1. Section 1.12(d), Tax Code, is amended to read as follows:

(d) For purposes of this section, the appraisal ratio of real property ~~[a homestead]~~ to which Section 23.23 applies is the ratio of the property's market value as determined by the appraisal district or appraisal review board, as applicable, to the market value of the property according to law. The appraisal ratio is not calculated according to the appraised value of the property as limited by Section 23.23.

SECTION 2. The heading to Section 23.23, Tax Code, is amended to read as follows:

Sec. 23.23. LIMITATION ON APPRAISED VALUE OF REAL PROPERTY ~~[RESIDENCE HOMESTEAD]~~.

SECTION 3. Section 23.23, Tax Code, is amended by amending Subsection (a) and adding Subsections (g), (h), (i), (j), and (k) to read as follows:

(a) Except as provided under 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 governing body of a school district, in the manner required by law for official action, may provide that for purposes of taxation by the district in the following and each subsequent tax year a limitation on appraised value determined in the manner provided by Subsection (a)(2) using a percentage of less than 10 percent but not less than five percent in place of 10 percent in Subsection (a)(2)(A) will apply to the taxation of real property by the district. The governing body may amend, repeal, or rescind the limitation, but the amendment, repeal, or rescission may not take effect before January 1 of the following tax year. The other provisions of this section apply to a limitation established under this subsection in the same manner as they apply to the limitation provided by Subsection (a), except that a limitation established under this subsection:

(1) takes effect:

1 (A) in the tax year following the first tax year
2 in which the owner owns the property on January 1; or

3 (B) in the tax year following the tax year in
4 which the owner acquires the property if the property qualifies for
5 an exemption as the residence homestead of the owner under Section
6 11.13 in the tax year in which the owner acquires the property; and

7 (2) except as provided by Subsections (h) and (i),
8 expires on January 1 of the first tax year following the tax year in
9 which the owner of the property when the limitation took effect
10 ceases to own the property.

11 (h) If real property subject to a limitation under
12 Subsection (g) qualifies for an exemption under Section 11.13 when
13 the ownership of the property is transferred to the owner's spouse
14 or surviving spouse, the limitation expires on January 1 of the tax
15 year following the year in which the owner's spouse or surviving
16 spouse ceases to own the property, unless the limitation is further
17 continued under this subsection on the subsequent transfer to a
18 spouse or surviving spouse.

19 (i) If real property subject to a limitation under
20 Subsection (g), other than a residence homestead, is owned by two or
21 more persons, the limitation expires on January 1 of the tax year
22 following the year in which the ownership of at least a 50 percent
23 interest in the property is sold or otherwise transferred to a
24 person other than those owners.

25 (j) If in any tax year the limitation on appraised value
26 provided by Subsection (a)(2) applies to residence homesteads
27 taxable by a school district and the governing body of the school

1 district has provided for the application in that tax year of a
2 limitation on appraised value under Subsection (g), the lower
3 limitation applies to residence homesteads for purposes of taxation
4 by the district.

5 (k) For purposes of applying a limitation established under
6 Subsection (g) in the first tax year after the tax year in which the
7 limitation is adopted in which the real property is appraised for
8 taxation:

9 (1) the property is considered to have been appraised
10 for taxation in the year in which the limitation is established at a
11 market value equal to the appraised value of the property for that
12 tax year;

13 (2) a person who acquired in a tax year before the year
14 in which the limitation is established real property that the
15 person owns in the year in which the limitation is established is
16 considered to have acquired the property on January 1 of the year in
17 which the limitation is established; and

18 (3) a person who qualified the property for an
19 exemption under Section 11.13 as the person's residence homestead
20 for any portion of the year in which the limitation is established
21 is considered to have acquired the property in the year in which the
22 limitation is established.

23 SECTION 4. 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 5. Sections 403.302(d) and (i), Government Code,
5 are amended to read as follows:

6 (d) For the purposes of this section, "taxable value" means
7 the market value of all taxable property less:

8 (1) the total dollar amount of any residence homestead
9 exemptions lawfully granted under Section 11.13(b) or (c), Tax
10 Code, in the year that is the subject of the study for each school
11 district;

12 (2) one-half of the total dollar amount of any
13 residence homestead exemptions granted under Section 11.13(n), Tax
14 Code, in the year that is the subject of the study for each school
15 district;

16 (3) the total dollar amount of any exemptions granted
17 before May 31, 1993, within a reinvestment zone under agreements
18 authorized by Chapter 312, Tax Code;

19 (4) subject to Subsection (e), the total dollar amount
20 of any captured appraised value of property that:

21 (A) is within a reinvestment zone created on or
22 before May 31, 1999, or is proposed to be included within the
23 boundaries of a reinvestment zone as the boundaries of the zone and
24 the proposed portion of tax increment paid into the tax increment
25 fund by a school district are described in a written notification
26 provided by the municipality or the board of directors of the zone
27 to the governing bodies of the other taxing units in the manner

1 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
2 within the boundaries of the zone as those boundaries existed on
3 September 1, 1999, including subsequent improvements to the
4 property regardless of when made;

5 (B) generates taxes paid into a tax increment
6 fund created under Chapter 311, Tax Code, under a reinvestment zone
7 financing plan approved under Section 311.011(d), Tax Code, on or
8 before September 1, 1999; and

9 (C) is eligible for tax increment financing under
10 Chapter 311, Tax Code;

11 (5) the total dollar amount of any exemptions granted
12 under Section 11.251, Tax Code;

13 (6) the difference between the comptroller's estimate
14 of the market value and the productivity value of land that
15 qualifies for appraisal on the basis of its productive capacity,
16 except that the productivity value estimated by the comptroller may
17 not exceed the fair market value of the land;

18 (7) the portion of the appraised value of residence
19 homesteads of individuals who receive a tax limitation under
20 Section 11.26, Tax Code, on which school district taxes are not
21 imposed in the year that is the subject of the study, calculated as
22 if the residence homesteads were appraised at the full value
23 required by law;

24 (8) a portion of the market value of property not
25 otherwise fully taxable by the district at market value because of:

26 (A) action required by statute or the
27 constitution of this state that, if the tax rate adopted by the

1 district is applied to it, produces an amount equal to the
2 difference between the tax that the district would have imposed on
3 the property if the property were fully taxable at market value and
4 the tax that the district is actually authorized to impose on the
5 property, if this subsection does not otherwise require that
6 portion to be deducted; or

7 (B) action taken by the district under Subchapter
8 B or C, Chapter 313, Tax Code;

9 (9) the market value of all tangible personal
10 property, other than manufactured homes, owned by a family or
11 individual and not held or used for the production of income;

12 (10) the appraised value of property the collection of
13 delinquent taxes on which is deferred under Section 33.06, Tax
14 Code;

15 (11) the portion of the appraised value of property
16 the collection of delinquent taxes on which is deferred under
17 Section 33.065, Tax Code; and

18 (12) the amount by which the market value of property
19 [~~a residence homestead~~] to which Section 23.23, Tax Code, applies
20 exceeds the appraised value of that property as calculated under
21 that section.

22 (i) If the comptroller determines in the annual study that
23 the market value of property in a school district as determined by
24 the appraisal district that appraises property for the school
25 district, less the total of the amounts and values listed in
26 Subsection (d) as determined by that appraisal district, is valid,
27 the comptroller, in determining the taxable value of property in

1 the school district under Subsection (d), shall for purposes of
2 Subsection (d)(12) subtract from the market value as determined by
3 the appraisal district of properties [~~residence-homesteads~~] to
4 which Section 23.23, Tax Code, applies the amount by which that
5 amount exceeds the appraised value of those properties as
6 calculated by the appraisal district under Section 23.23, Tax Code.
7 If the comptroller determines in the annual study that the market
8 value of property in a school district as determined by the
9 appraisal district that appraises property for the school district,
10 less the total of the amounts and values listed in Subsection (d) as
11 determined by that appraisal district, is not valid, the
12 comptroller, in determining the taxable value of property in the
13 school district under Subsection (d), shall for purposes of
14 Subsection (d)(12) subtract from the market value as estimated by
15 the comptroller of properties [~~residence-homesteads~~] to which
16 Section 23.23, Tax Code, applies the amount by which that amount
17 exceeds the appraised value of those properties as calculated by
18 the appraisal district under Section 23.23, Tax Code.

19 SECTION 6. This Act applies only to the appraisal of real
20 property for ad valorem tax purposes for a tax year that begins on
21 or after January 1, 2007.

22 SECTION 7. This Act takes effect January 1, 2007, but only
23 if the constitutional amendment proposed by the 79th Legislature,
24 3rd Called Session, 2006, authorizing the governing body of a
25 school district to establish for purposes of ad valorem taxation by
26 the school district a limitation on the maximum average annual
27 percentage increase in the appraised value of real property in the

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1 school district that is less than 10 percent but not less than five
2 percent is approved by the voters. If that amendment is not
3 approved by the voters, this Act has no effect.