

By: Janek, Williams

S.B. No. 1349

A BILL TO BE ENTITLED

AN ACT

relating to limiting increases in the appraised value of residence homesteads for ad valorem tax purposes.

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

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

(a) 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) five [~~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 taxing unit, in the manner required by law for official action, may at any time determine that the limitation provided by Subsection (a)(2) will not apply to the taxation of residence homesteads by the taxing unit in a tax year following the year in which the determination is made. If the

1 governing body of the taxing unit determines that the limitation  
2 provided by Subsection (a)(2) will not apply to the taxation of  
3 residence homesteads by the taxing unit, in the following and each  
4 subsequent tax year, the appraised value of a residence homestead  
5 for purposes of taxation by the taxing unit is the market value of  
6 the property.

7 (h) Subsection (g) does not affect the appraised value of  
8 property by a taxing unit other than the taxing unit whose governing  
9 body makes the determination under that subsection. If the  
10 governing body that makes a determination under Subsection (g) sets  
11 the tax rate for more than one taxing unit, the determination does  
12 not apply to a taxing unit other than the taxing unit whose  
13 governing body makes the determination.

14 SECTION 2. This Act takes effect January 1, 2006, and  
15 applies only to the appraisal of a residence homestead for ad  
16 valorem tax purposes for a tax year that begins on or after January  
17 1, 2006, but only if the constitutional amendment proposed by the  
18 79th Legislature, Regular Session, 2005, authorizing the  
19 legislature to establish a lower limit on the maximum average  
20 annual percentage increase in the appraised value of residence  
21 homesteads for ad valorem tax purposes and to authorize the  
22 governing body of a taxing unit to determine whether a limit on  
23 residence homestead appraisal increases shall apply in the taxing  
24 unit is approved by the voters. If that amendment is not approved  
25 by the voters, this Act has no effect.