

BILL ANALYSIS

Senate Research Center

H.B. 438
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Current law prohibits the appraised value of a residence homestead for ad valorem tax purposes from increasing more than 10 percent in a single year, but allows for an increase of 10 percent for each year that passes since the last tax appraisal. Therefore, an increase in the taxable value of a property of more than 10 percent may be incurred when a property has not been appraised in over a year.

H.B. 438 limits a homestead's appraisal value for ad valorem tax purposes from increasing more than 10 percent in a single year, regardless of when the most recent tax appraisal took place.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to any state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Sections 23.23(a) and (e), Tax Code, as follows:

(a) Authorizes the appraisal office, notwithstanding the requirements of Section 25.18 and regardless of whether the appraisal office has appraised the property and determined the market value of the property for the tax year, to increase the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of the market value of the property for the most recent tax year that the market value was determined by the appraisal office or the sum of 10 percent of the appraised value of the property for the preceding tax year, rather than last year; the appraised value of the property for the preceding tax year, rather than last year; and the market value of all new improvements to the property. Deletes existing text relating to the number of years since the property was last appraised from the formula used to calculate the appraised value of a residence homestead.

(e) Redefines "new improvement."

SECTION 2. Provides that this Act applies only to the appraisal of a residence homestead for ad valorem taxation for a tax year that begins on or after the effective date of this Act.

SECTION 3. Effective date: January 1, 2008, contingent upon approval by the voters of the constitutional amendment proposed by the 80th Legislature, Regular Session, 2007, authorizing the legislature to provide that the maximum appraised value of a residence homestead for ad valorem taxation is limited to the lesser of the most recent market value of the residence homestead as determined by the appraisal entity or 110 percent, or a greater percentage, of the appraised value of the residence homestead for the preceding tax year.