

BILL ANALYSIS

C.S.H.J.R. 40
By: Hochberg
Local Government Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Current law limits the rate at which a homestead can increase in value for tax purposes to a maximum of 10 percent of the property's previous appraised value for each tax year since the last appraisal.

Despite this limit, a homeowner who has not had a reappraisal in several years can still be assessed a huge increase. If 3 years pass between property reappraisals, the taxable value of a property can increase by 30 percent. House Joint Resolution 40 would give the legislature the authority to limit the maximum appraised value of a homestead for a tax year regardless of how long has passed since the last reappraisal.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.J.R. 40 gives the legislature the power to limit the maximum appraised value of a homestead for tax purposes in a tax year to either the most recent market value of the property as determined by an appraisal entity or 110 percent, or more, of the appraised value of the property for the preceding tax year, whichever is less.

EFFECTIVE DATE

This proposed constitutional amendment shall be submitted to the voters at an election to be held, November 6, 2007. If the voters approve the amendment, House Joint Resolution 40 takes effect.

COMPARISON OF ORIGINAL TO SUBSTITUTE

Committee Substitute House Joint Resolution 40 modifies the original by removing the limitation on percentage increases in appraisal values, replacing it with a limitation on appraised values, and specifying that the limitation applies to the appraised value of a residence homestead in a tax year.

The substitute modifies the original by authorizing the legislature to limit the appraised value of a property for tax purposes in a tax year to the most recent market value of the property as determined by the appraisal entity or 110 percent, or a greater percentage, of the appraised value of the property for the preceding tax year.

The substitute replaces "year of the most recent tax appraisal" with "preceding tax year."

The substitute changes the language which shall printed on the ballot to reflect the proposed changes to the Texas Constitution.

The substitute makes conforming changes.