

By: Hochberg, Crabb, et al.

H.B. No. 438

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the limitation on the maximum percentage increase in  
3 the appraised value of a residence homestead for ad valorem  
4 taxation.

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

6 SECTION 1. Sections 23.23(a) and (e), Tax Code, are amended  
7 to read as follows:

8 (a) Notwithstanding the requirements of Section 25.18 and  
9 regardless of whether the appraisal office has appraised the  
10 property and determined the market value of the property for the tax  
11 year, an appraisal office may increase the [The] appraised value of  
12 a residence homestead for a tax year to an amount [may] not to  
13 exceed the lesser of:

14 (1) the market value of the property for the most  
15 recent tax year that the market value was determined by the  
16 appraisal office; or

17 (2) the sum of:

18 (A) 10 percent of the appraised value of the  
19 property for the preceding tax [last] year [in which the property  
20 was appraised for taxation times the number of years since the  
21 property was last appraised];

22 (B) the appraised value of the property for the  
23 preceding tax [last] year [in which the property was appraised];

24 and

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

3 (e) In this section, "new improvement" means an improvement  
4 to a residence homestead [~~that is~~] made after the most recent  
5 appraisal of the property [~~for the preceding year and~~] that  
6 increases the market value of the property and the value of which is  
7 not included in the appraised value of the property for the  
8 preceding tax year. The term does not include repairs to or  
9 ordinary maintenance of an existing structure or the grounds or  
10 another feature of the property.

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

14 SECTION 3. This Act takes effect January 1, 2008, but only  
15 if the constitutional amendment proposed by the 80th Legislature,  
16 Regular Session, 2007, authorizing the legislature to provide that  
17 the maximum appraised value of a residence homestead for ad valorem  
18 taxation is limited to the lesser of the most recent market value of  
19 the residence homestead as determined by the appraisal entity or  
20 110 percent, or a greater percentage, of the appraised value of the  
21 residence homestead for the preceding tax year is approved by the  
22 voters. If that amendment is not approved by the voters, this Act  
23 has no effect.