

1-1 By: Hochberg, et al. (Senate Sponsor - Hegar) H.B. No. 438
1-2 (In the Senate - Received from the House May 10, 2007;
1-3 May 14, 2007, read first time and referred to Committee on Finance;
1-4 May 19, 2007, reported favorably by the following vote: Yeas 11,
1-5 Nays 0; May 19, 2007, sent to printer.)

1-6 A BILL TO BE ENTITLED
1-7 AN ACT

1-8 relating to the limitation on the maximum percentage increase in
1-9 the appraised value of a residence homestead for ad valorem
1-10 taxation.

1-11 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-12 SECTION 1. Sections 23.23(a) and (e), Tax Code, are amended
1-13 to read as follows:

1-14 (a) Notwithstanding the requirements of Section 25.18 and
1-15 regardless of whether the appraisal office has appraised the
1-16 property and determined the market value of the property for the tax
1-17 year, an appraisal office may increase the [The] appraised value of
1-18 a residence homestead for a tax year to an amount [may] not to
1-19 exceed the lesser of:

1-20 (1) the market value of the property for the most
1-21 recent tax year that the market value was determined by the
1-22 appraisal office; or

1-23 (2) the sum of:

1-24 (A) 10 percent of the appraised value of the
1-25 property for the preceding tax [last] year [in which the property
1-26 was appraised for taxation times the number of years since the
1-27 property was last appraised];

1-28 (B) the appraised value of the property for the
1-29 preceding tax [last] year [in which the property was appraised];
1-30 and

1-31 (C) the market value of all new improvements to
1-32 the property.

1-33 (e) In this section, "new improvement" means an improvement
1-34 to a residence homestead [~~that is~~] made after the most recent
1-35 appraisal of the property [for the preceding year and] that
1-36 increases the market value of the property and the value of which is
1-37 not included in the appraised value of the property for the
1-38 preceding tax year. The term does not include repairs to or
1-39 ordinary maintenance of an existing structure or the grounds or
1-40 another feature of the property.

1-41 SECTION 2. This Act applies only to the appraisal of a
1-42 residence homestead for ad valorem taxation for a tax year that
1-43 begins on or after the effective date of this Act.

1-44 SECTION 3. This Act takes effect January 1, 2008, but only
1-45 if the constitutional amendment proposed by the 80th Legislature,
1-46 Regular Session, 2007, authorizing the legislature to provide that
1-47 the maximum appraised value of a residence homestead for ad valorem
1-48 taxation is limited to the lesser of the most recent market value of
1-49 the residence homestead as determined by the appraisal entity or
1-50 110 percent, or a greater percentage, of the appraised value of the
1-51 residence homestead for the preceding tax year is approved by the
1-52 voters. If that amendment is not approved by the voters, this Act
1-53 has no effect.

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