

By: Bohac

H.B. No. 696

A BILL TO BE ENTITLED

AN ACT

relating to the limitation on the maximum average annual percentage increase 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) Except as provided under Subsection (g), the ~~[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) for purposes of taxation by a school district other than a junior college district, five percent of the appraised value of the property for the last year in which the property was appraised for taxation, and for purposes of taxation by any other taxing unit, 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.

1 (g) The governing body of a taxing unit other than a school
2 district but including a junior college district, in the manner
3 required by law for official action, may at any time provide that
4 for purposes of taxation by the taxing unit in the following and
5 each subsequent tax year a lower limitation on appraised value
6 determined in the manner provided by Subsection (a)(2) using five
7 percent in place of 10 percent in Subsection (a)(2)(A) will apply to
8 the taxation of residence homesteads by the taxing unit.

9 (h) Subsection (g) does not affect the appraised value of a
10 residence homestead for taxation by a taxing unit other than the
11 taxing unit whose governing body provides for the application of a
12 limitation on appraised value under that subsection. If the
13 governing body of the taxing unit sets the tax rate for more than
14 one taxing unit, an action by the governing body under Subsection
15 (g) does not apply to a taxing unit other than the taxing unit whose
16 governing body takes that action.

17 SECTION 2. Section 42.26(d), Tax Code, is amended to read as
18 follows:

19 (d) For purposes of this section, the value of the property
20 subject to the suit and the value of a comparable property or sample
21 property that is used for comparison must be the market value
22 determined by the appraisal district when the property is a
23 residence homestead subject to the limitation on appraised value
24 imposed by or authorized under Section 23.23.

25 SECTION 3. This Act applies only to the appraisal of a
26 residence homestead for ad valorem tax purposes for a tax year that
27 begins on or after January 1, 2008.

1 SECTION 4. This Act takes effect January 1, 2008, but only
2 if the constitutional amendment proposed by the 80th Legislature,
3 Regular Session, 2007, authorizing the legislature to establish for
4 purposes of ad valorem taxation by a school district a limit on the
5 annual increase in the appraised value of residence homesteads of
6 five percent or more, and to permit other political subdivisions to
7 adopt a five percent limit on those appraisal increases is approved
8 by the voters. If that amendment is not approved by the voters,
9 this Act has no effect.