

By: Howard of Fort Bend

H.B. No. 881

A BILL TO BE ENTITLED

1 AN ACT

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

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) The appraised value of a residence homestead for a tax  
9 year may not exceed the lesser of:

10 (1) the market value of the property; or

11 (2) the sum of:

12 (A) three [~~10~~] percent of the appraised value of  
13 the property for the last year in which the property was appraised  
14 for taxation times the number of years since the property was last  
15 appraised;

16 (B) the appraised value of the property for the  
17 last year in which the property was appraised; and

18 (C) the market value of all new improvements to  
19 the property.

20 (e) In this section, "new improvement" means an improvement  
21 to a residence homestead that is made after the appraisal of the  
22 property for the preceding year and that increases the market value  
23 of the property. The term does not include repairs to or ordinary  
24 maintenance of an existing structure or the grounds or another

1 feature of the property.

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

5 SECTION 3. This Act takes effect January 1, 2008, but only  
6 if the constitutional amendment proposed by the 80th Legislature,  
7 Regular Session, 2007, to authorize the legislature to limit the  
8 maximum average annual increase in the appraised value of a  
9 residence homestead for ad valorem tax purposes to three percent or  
10 more is approved by the voters. If that amendment is not approved  
11 by the voters, this Act has no effect.