

By: Williams

S.B. No. 1062

A BILL TO BE ENTITLED

AN ACT

1  
2 relating to the authority of an owner of real property to require  
3 that ad valorem taxes, other than taxes imposed for public school  
4 purposes, be imposed on that real property on the basis of a  
5 five-year average of the property's taxable value.

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

7 SECTION 1. Section 25.19, Tax Code, is amended by adding  
8 Subsection (b-2) to read as follows:

9 (b-2) In addition to the information required by  
10 Subsections (b), (b-1), and (f), the chief appraiser shall include  
11 in a notice required to be delivered under Subsection (a) or (g) for  
12 real property:

13 (1) the taxable value of the property in each of the  
14 four years preceding the current tax year;

15 (2) the average taxable value of the property over the  
16 five-year period ending with the current tax year; and

17 (3) a statement that the property owner may elect to  
18 require taxes, other than taxes imposed by a school district, for  
19 the current tax year and the next nine tax years to be imposed on the  
20 property on the basis of the five-year average taxable value in each  
21 year instead of on the basis of the taxable value for that year by  
22 filing a request with the assessor for each taxing unit that taxes  
23 the property, including an explanation of the deadline for filing  
24 the request.

1 SECTION 2. Section 26.09(c), Tax Code, is amended to read as  
2 follows:

3 (c) Except as provided by Section 26.095, the [The] tax is  
4 calculated by:

5 (1) subtracting from the appraised value of a property  
6 as shown on the appraisal roll for the unit the amount of any  
7 partial exemption allowed the property owner that applies to  
8 appraised value to determine net appraised value;

9 (2) multiplying the net appraised value by the  
10 assessment ratio to determine assessed value;

11 (3) subtracting from the assessed value the amount of  
12 any partial exemption allowed the property owner to determine  
13 taxable value; and

14 (4) multiplying the taxable value by the tax rate.

15 SECTION 3. Chapter 26, Tax Code, is amended by adding  
16 Section 26.095 to read as follows:

17 Sec. 26.095. ALTERNATIVE METHOD FOR CALCULATION OF TAX ON  
18 REAL PROPERTY. (a) An owner of real property may require that  
19 taxes, other than taxes imposed by a school district, imposed on  
20 that property for the current tax year and each of the subsequent  
21 nine tax years be calculated on the basis of the average taxable  
22 value of the property over the five-year period ending with the tax  
23 year for which the taxes are imposed.

24 (b) To require that taxes imposed by a taxing unit be  
25 calculated under this section, the owner of the property must file a  
26 request with the assessor for the taxing unit. The request must  
27 include a statement by the property owner requesting that, for the

1 current tax year and each of the subsequent nine tax years, the  
2 taxes imposed by the taxing unit on the property described in the  
3 request be calculated under the method described by Subsection (a),  
4 subject to Subsections (d)-(g). The comptroller by rule shall  
5 prescribe the form of the request.

6 (c) A completed request must be filed not later than the  
7 later of June 15 or, if the notice is required to be delivered to the  
8 property owner, the 21st day after the date the property owner  
9 receives notice of the appraised value of the real property for the  
10 current tax year. If a property owner timely files a completed  
11 request with the assessor for a taxing unit, the taxes of that  
12 taxing unit for the current tax year on the real property described  
13 in the request shall be calculated under the method described by  
14 Subsection (a). If a property owner fails to timely file a  
15 completed request, the taxes of a taxing unit may not be calculated  
16 under the method described by Subsection (a) unless in a prior tax  
17 year the property owner requested the taxes imposed by the taxing  
18 unit on the property to be calculated under that method in the  
19 current tax year as one of the subsequent nine years covered by the  
20 request made in the prior tax year.

21 (d) Notwithstanding Subsections (a) and (b), the owner of  
22 real property who has previously requested that taxes imposed by a  
23 taxing unit on the property be calculated under the method  
24 described by Subsection (a) may revoke the owner's request for  
25 taxation of that property under that method in the current tax year.  
26 A revocation under this subsection must be made in writing and filed  
27 with the assessor for the taxing unit not later than the later of

1 June 15 or, if the notice is required to be delivered to the  
2 property owner, the 21st day after the date the property owner  
3 receives notice of the appraised value of the real property for the  
4 current tax year.

5 (e) If a property owner timely revokes the owner's request  
6 that taxes imposed by a taxing unit be calculated under this  
7 section:

8 (1) the taxes of that taxing unit for the current tax  
9 year on the owner's real property may not be calculated under the  
10 method described by Subsection (a);

11 (2) an additional tax is imposed on the real property  
12 equal to the positive difference, if any, between the taxes imposed  
13 on the property for each of the 10 preceding tax years, if any, in  
14 which taxes imposed by the taxing unit on the property were  
15 calculated under the method described by Subsection (a) and the  
16 taxes that would have been imposed had those taxes on the property  
17 in each of those tax years not been calculated under that method;  
18 and

19 (3) as soon as practicable, the assessor for the  
20 taxing unit shall prepare and deliver a bill to the property owner  
21 for the additional taxes plus interest at an annual rate of seven  
22 percent calculated from the dates on which the differences in taxes  
23 would have become due.

24 (f) The additional tax and interest are due and become  
25 delinquent if not paid before the next February 1 that is at least  
26 20 days after the date the bill is delivered to the property owner.  
27 A tax lien attaches to the real property to secure payment of the

1 additional tax and interest imposed by Subsection (e). The lien  
2 exists in favor of each taxing unit for which the additional tax is  
3 imposed.

4 (g) If property on which taxes are calculated under the  
5 method provided by Subsection (a) ceases to be owned by the property  
6 owner who filed the request under Subsection (b) or by a subsequent  
7 owner, the taxes on the property shall continue to be calculated  
8 under that method for each of the tax years covered by the request  
9 of the prior owner unless the new owner of the property requests  
10 that the taxes on the property not be calculated under Subsection  
11 (a). A request under this subsection must be filed in the time and  
12 manner required for a revocation under Subsection (d). If the new  
13 owner timely files a request under this subsection:

14 (1) the taxes for the current tax year on the property  
15 may not be calculated under the method described by Subsection (a);  
16 and

17 (2) the property is subject to the additional tax and  
18 lien provided by Subsections (e) and (f).

19 (h) This subsection expires January 1, 2010.  
20 Notwithstanding the reference in Subsection (a) to a five-year  
21 period:

22 (1) for the 2008 tax year, the taxes calculated under  
23 the method provided by Subsection (a) shall be calculated on the  
24 basis of the average taxable value of the property over the  
25 three-year period ending with the tax year for which the taxes are  
26 imposed; and

27 (2) for the 2009 tax year, the taxes calculated under

1 the method provided by Subsection (a) shall be calculated on the  
2 basis of the average taxable value of the property over the  
3 four-year period ending with the tax year for which the taxes are  
4 imposed.

5 SECTION 4. Section 31.01, Tax Code, is amended by adding  
6 Subsection (c-2) to read as follows:

7 (c-2) In addition to the information required by  
8 Subsections (c) and (c-1), the assessor shall include in the tax  
9 bill or separate statement for real property the taxable value of  
10 the property in each of the four years before the current tax year  
11 and the average taxable value of the property over the five-year  
12 period ending with the current tax year.

13 SECTION 5. This Act applies only to ad valorem taxes imposed  
14 for a tax year beginning on or after the effective date of this Act.

15 SECTION 6. This Act takes effect January 1, 2008, but only  
16 if the constitutional amendment authorizing the legislature to  
17 permit the owner of real property to require that ad valorem taxes,  
18 other than taxes imposed for public school purposes, be imposed on  
19 the real property on the basis of a five-year average of the  
20 property's taxable value is approved by the voters. If that  
21 amendment is not approved by the voters, this Act has no effect.