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S.B. No. 1565

A BILL TO BE ENTITLED

AN ACT

1
2 relating to a local option election in the Metropolitan Transit
3 Authority of Harris County to set a limitation of not less than
4 three percent on the maximum average annual increase in the
5 appraised value of residence homesteads for purposes of ad valorem
6 taxation by each county, municipality, and junior college district
7 in the territory of the transit authority and to require the
8 redistribution of not more than one-eighth of the sales and use tax
9 revenue of the transit authority to those taxing units.

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

11 SECTION 1. Section 23.23, Tax Code, is amended by amending
12 Subsection (a) and adding Subsections (g) and (h) to read as
13 follows:

14 (a) Except as provided by Subsection (g), the ~~[The]~~
15 appraised value of a residence homestead for a tax year may not
16 exceed the lesser of:

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

18 (2) the sum of:

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

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

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

3 (g) The Commissioners Court of Harris County may call an
4 election in the Metropolitan Transit Authority of Harris County to
5 permit the voters of the transit authority to determine whether a
6 percentage limitation on increases in appraised value determined in
7 the manner provided by Subsection (a)(2) using a percentage of not
8 less than three percent in place of the percentage specified by
9 Subsection (a)(2)(A) will apply to the taxation of residence
10 homesteads by each county, municipality, and junior college
11 district having territory in the territory of the transit
12 authority, and concurrently to permit the voters of the transit
13 authority to determine whether not more than one-eighth of the
14 sales and use tax revenue of the transit authority shall be
15 redistributed to those taxing units. The election shall be held on
16 the date of the next general election for state and county officers.
17 The ballot proposition shall specify the proposed percentage
18 limitation on increases in appraised value and the proposed portion
19 of the sales and use tax revenue to be redistributed. If a majority
20 of the votes cast at the election favor the establishment of the
21 proposed limitation and redistribution, the limitation applies
22 beginning with the tax year following the year in which the election
23 is held and remains in effect until amended or repealed by the
24 voters of the Metropolitan Transit Authority of Harris County at a
25 subsequent election called by the Commissioners Court of Harris
26 County for that purpose. An election under this subsection to amend
27 or repeal a limitation on increases in appraised value shall be held

1 on the date of the next general election for state and county
2 officers. If the voters of the Metropolitan Transit Authority of
3 Harris County amend or repeal a limitation, the amendment or repeal
4 applies beginning with the tax year after the year in which the
5 election is held. A limitation on increases in appraised value
6 established under this subsection applies only to residence
7 homesteads located in the portion of the applicable taxing unit
8 that is located in the territory of the Metropolitan Transit
9 Authority of Harris County.

10 (h) If in any tax year the limitation on increases in
11 appraised value provided by Subsection (a)(2) applies to a
12 residence homestead taxable by a taxing unit having territory in
13 the territory of the Metropolitan Transit Authority of Harris
14 County and the voters of the transit authority have established for
15 application in that tax year a limitation on increases in appraised
16 value under Subsection (g), the lower limitation applies to the
17 taxation of the residence homestead by the taxing unit.

18 SECTION 2. Chapter 26, Tax Code, is amended by adding
19 Section 26.042 to read as follows:

20 Sec. 26.042. EFFECTIVE TAX RATE AND ROLLBACK TAX RATE OF
21 TAXING UNITS IN TERRITORY OF METROPOLITAN TRANSIT AUTHORITY OF
22 HARRIS COUNTY. (a) If the designated officer or employee of a
23 taxing unit estimates that the taxing unit will receive more sales
24 and use tax revenue under Section 451.421, Transportation Code, in
25 the current tax year than the taxing unit received in the preceding
26 tax year, the effective tax rate and the rollback tax rate of the
27 taxing unit are reduced by the rate expressed in dollars per \$100 of

1 taxable value computed by:

2 (1) subtracting the amount of sales and use tax
3 revenue received under that section by the taxing unit in the
4 preceding tax year from the amount of sales and use tax revenue
5 estimated to be received under that section by the taxing unit in
6 the current tax year; and

7 (2) dividing the amount computed under Subdivision (1)
8 by the current total value for the taxing unit.

9 (b) If the designated officer or employee of a taxing unit
10 estimates that the taxing unit will receive less sales and use tax
11 revenue under Section 451.421, Transportation Code, in the current
12 tax year than the taxing unit received in the preceding tax year,
13 the effective tax rate and the rollback tax rate of the taxing unit
14 are increased by the rate expressed in dollars per \$100 of taxable
15 value computed by:

16 (1) subtracting the amount of sales and use tax
17 revenue estimated to be received under that section by the taxing
18 unit in the current tax year from the amount of sales and use tax
19 revenue received under that section by the taxing unit in the
20 preceding tax year; and

21 (2) dividing the amount computed under Subdivision (1)
22 by the current total value for the taxing unit.

23 SECTION 3. Section 42.26(d), Tax Code, is amended to read as
24 follows:

25 (d) For purposes of this section, the value of the property
26 subject to the suit and the value of a comparable property or sample
27 property that is used for comparison must be the market value

1 determined by the appraisal district when the property is a
2 residence homestead subject to a [the] limitation on appraised
3 value imposed by or established under Section 23.23.

4 SECTION 4. Subchapter I, Chapter 451, Transportation Code,
5 is amended by adding Section 451.421 to read as follows:

6 Sec. 451.421. REDISTRIBUTION OF PORTION OF SALES AND USE
7 TAX REVENUE. (a) If at an election called under Section 23.23(g),
8 Tax Code, the voters of an authority determine that a portion of the
9 sales and use tax revenue of the authority shall be redistributed to
10 each county, municipality, and junior college district having
11 territory in the territory of the authority as provided by that
12 section, the comptroller shall send to the Harris County treasurer
13 a portion of the sales and use tax revenue required to be sent to the
14 authority by Section 322.302, Tax Code, as specified by the ballot
15 proposition at the same time that the comptroller sends the
16 remainder of that revenue to the authority as provided by Section
17 322.302, Tax Code.

18 (b) Not later than December 1 of each year, the Harris
19 County treasurer shall distribute to the treasurer for each county,
20 municipality, and junior college district having territory in the
21 territory of the authority an amount of the revenue sent to the
22 Harris County treasurer under Subsection (a) and interest earned on
23 that revenue computed by:

24 (1) multiplying the amount by which the current total
25 value, as defined by Section 26.012, Tax Code, for each taxing unit
26 that is entitled to receive a share of the revenue is reduced
27 because of the approval by the voters of the authority of the

1 limitation on increases in the appraised value of residence
2 homesteads under Section 23.23(g), Tax Code, by the ad valorem tax
3 rate of the taxing unit for the current tax year;

4 (2) adding the amounts computed under Subdivision (1)
5 for all of the taxing units that are entitled to receive a share of
6 the revenue;

7 (3) dividing the amount computed with regard to the
8 applicable taxing unit under Subdivision (1) by the amount computed
9 under Subdivision (2); and

10 (4) multiplying the amount computed under Subdivision
11 (3) by the sum of the total amount of sales and use tax revenue to be
12 distributed under this subsection and any interest earned on that
13 revenue.

14 SECTION 5. The provisions of this Act applying to the
15 appraisal of a residence homestead for ad valorem tax purposes
16 apply only for a tax year that begins on or after January 1, 2008.

17 SECTION 6. This Act takes effect January 1, 2008, but only
18 if the constitutional amendment proposed by the 80th Legislature,
19 Regular Session, 2007, authorizing the legislature to provide for a
20 local option election in the Metropolitan Transit Authority of
21 Harris County to set a limitation of not less than three percent on
22 the maximum average annual increase in the appraised value of
23 residence homesteads for purposes of ad valorem taxation by each
24 county, municipality, and junior college district in the territory
25 of the transit authority and to require the redistribution of not
26 more than one-eighth of the sales and use tax revenue of the transit
27 authority to those political subdivisions is approved by the

1 voters. If that amendment is not approved by the voters, this Act
2 has no effect.