

BILL ANALYSIS

H.B. 3454
By: Otto
Ways & Means
Committee Report (Amended)

BACKGROUND AND PURPOSE

Appraisal districts currently are required to consider characteristics of a property in determining the property's value but are not required to use such property-specific data as income and expense statements in making that determination. The Tax Code provides guidance for appraising property under the income and cost methods of appraisal but provides no such guidance for using the market data comparison method of appraisal. As a result, appraisals vary significantly across appraisal districts, and property owners are faced with an inconsistent and unpredictable system for determining the value of their property for property tax purposes.

H.B. 3454 requires an appraisal district to consider all available property-specific information that is relevant to a property's value when valuing the property.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

H.B. 3454 amends the Tax Code to require that all available evidence that is specific to the value of a property be taken into account in determining the property's market value for property tax purposes. The bill establishes that a sale of real property is not considered to be a comparable sale for purposes of the market data comparison method of appraisal unless the sale occurred within 24 months of the date as of which the market value of the subject property is to be determined and is appropriately adjusted for changes in the market value over the time period between the dates of the sale and the appraisal. The bill requires the determination of whether a property is comparable to the subject property to be based on similarities with regard to location, square footage of the lot and improvements, property age, property condition, property access, amenities, views, income, operating expenses, occupancy, and the existence of easements, deed restrictions, or other legal burdens affecting marketability.

EFFECTIVE DATE

January 1, 2010.

EXPLANATION OF AMENDMENTS

Committee Amendment No. 1:

H.B. 3454 amends the Tax Code to prohibit a chief appraiser from separately appraising or taking into account any personal property valued as a portion of the income of real property in determining the market value of the real property for property tax purposes, and to require the market value of the real property to include the combined value of the real property and the personal property.

H.B. 3454 repeals Section 23.014, Tax Code, requiring the chief appraiser to analyze the effect on the market value of real property of, and to exclude from that value the value of, certain personal property and other property that is not subject to appraisal as real property.