

BILL ANALYSIS

Senate Research Center

C.S.H.J.R. 36
By: Otto et al. (Williams)
Finance
5/23/2009
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, the Texas Constitution provides that no property of any kind shall be assessed for property taxes at greater than fair market cash value, nor shall any board of equalization of any governmental or political subdivision or taxing district fix the value of any property for tax purposes at more than fair cash value. However, residence homesteads throughout the state have experienced increasing appraisal values, in some instances more than 200 percent in one year, due to an appraisal practice known as "highest and best use." This widely accepted standard allows homes to be valued based on the property's potential use rather than the property's current use. This practice creates the potential for skyrocketing appraisal values for residence homesteads located near new commercial development. Also, the prerequisites to serve on an appraisal review board are minimal, and the number of people familiar with the appraisal of property is limited in any one county. The appraisal review process would benefit from drawing on a greater pool of talent.

C.S.H.J.R. 36 proposes a constitutional amendment to authorize the legislature by general law to provide for taxation of real property that is the residence homestead of the property owner to be determined solely on the basis of the property's value as a residence, regardless of whether that use is considered to be the highest and best use of the property; proposes a constitutional amendment to authorize the legislature to authorize a single board of equalization for two or more adjoining appraisal entities that elect to provide for consolidated equalizations; and proposes a constitutional amendment to authorize the legislature to provide for the administration and enforcement of uniform standards and procedures for appraisal of property for ad valorem tax purposes.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

ARTICLE 1. APPRAISAL OF RESIDENCE HOMESTEADS

SECTION 1.01 Amends Section 1, Article VIII, Texas Constitution, by adding Subsection (j), to authorize the legislature by general law to provide for the taxation of real property that is the residence homestead of the property owner solely on the basis of the property's value as a residence homestead, regardless of whether the residential use of the property by the owner is considered to be the highest and best use of the property.

SECTION 1.02. Requires the proposed constitutional amendment to be submitted to the voters at an election to be held November 3, 2009. Sets forth the required language of the ballot.

ARTICLE 2. CONSOLIDATED BOARDS OF EQUALIZATION

SECTION 2.01. Amends Section 18(c), Article VIII, Texas Constitution, as follows:

- (c) Authorizes the legislature, by general law, to authorize a single board of equalization for two or more adjoining appraisal entities that elect to provide for consolidated equalizations. Prohibits members of a board of equalization, rather than the board of

equalization, from being elected officials of a county, rather than the county, or of the governing body of a taxing unit.

SECTION 2.02. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 3, 2009. Sets forth the required language of the ballot.

ARTICLE 3. UNIFORM APPRAISAL STANDARDS AND PROCEDURES

SECTION 3.01. Amends Section 23(b), Article VIII, Texas Constitution, to require that administrative and judicial enforcement of uniform standards and procedures for appraisal of property for ad valorem tax purposes be prescribed by general law. Deletes existing text requiring that administrative and judicial enforcement of uniform standards and procedures for appraisal of property for ad valorem tax purposes, as prescribed by general law, originate in the county where the tax is imposed, except that the legislature is authorized to provide by general law for political subdivisions with boundaries extending outside the county.

SECTION 3.02. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 3, 2009. Sets forth the required language of the ballot.