

By: Bohac

H.B. No. 1106

A BILL TO BE ENTITLED

AN ACT

relating to the limitation on increases in the appraised value of a residence homestead for ad valorem taxation by certain school districts and other taxing units in Harris County.

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

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

(a) Except as provided by Subsection (g), notwithstanding ~~[Notwithstanding]~~ the requirements of Section 25.18, and regardless of whether the appraisal office has appraised the property and determined the market value of the property for the tax year, an appraisal office may increase the appraised value of a residence homestead for a tax year to an amount not to exceed the lesser of:

(1) the market value of the property for the most recent tax year that the market value was determined by the appraisal office; or

(2) the sum of:

(A) for purposes of taxation by a school district other than a junior college district, a majority of the territory of which is located in Harris County, five percent of the appraised value of the property for the preceding tax year, and for purposes of taxation by any other taxing unit, 10 percent of the appraised

1 value of the property for the preceding tax year;

2 (B) the appraised value of the property for the  
3 preceding tax year; and

4 (C) the market value of all new improvements to  
5 the property.

6 (g) The governing body of a taxing unit other than a school  
7 district but including a junior college district, a majority of the  
8 territory of which is located in Harris County, in the manner  
9 required by law for official action, may at any time provide that  
10 for purposes of taxation by the taxing unit in the following and  
11 each subsequent tax year a lower percentage limitation on maximum  
12 appraised value determined in the manner provided by Subsection  
13 (a)(2) using five percent in place of 10 percent in Subsection  
14 (a)(2)(A) will apply to the taxation of residence homesteads by the  
15 taxing unit.

16 (h) Subsection (g) does not affect the appraised value of a  
17 residence homestead for taxation by a taxing unit other than the  
18 taxing unit whose governing body provides for the application of a  
19 five percent limitation on maximum appraised value under that  
20 subsection. If the governing body of the taxing unit sets the tax  
21 rate for more than one taxing unit, an action by the governing body  
22 under Subsection (g) does not apply to a taxing unit other than the  
23 taxing unit whose governing body takes that action.

24 SECTION 2. Section 42.26(d), Tax Code, is amended to read as  
25 follows:

26 (d) For purposes of this section, the value of the property  
27 subject to the suit and the value of a comparable property or sample

1 property that is used for comparison must be the market value  
2 determined by the appraisal district when the property is a  
3 residence homestead subject to a ~~[the]~~ limitation on appraised  
4 value imposed by or established under Section 23.23.

5 SECTION 3. This Act applies only to the appraisal of a  
6 residence homestead for ad valorem tax purposes for a tax year that  
7 begins on or after January 1, 2010.

8 SECTION 4. This Act takes effect January 1, 2010, but only  
9 if the constitutional amendment proposed by the 81st Legislature,  
10 Regular Session, 2009, authorizing the legislature to establish for  
11 purposes of ad valorem taxation by certain school districts in  
12 Harris County a limit on the maximum appraised value of residence  
13 homesteads of 105 percent of the appraised value of the property for  
14 the preceding tax year and to permit certain other political  
15 subdivisions in Harris County to establish a 105 percent limit on  
16 the maximum appraised value of residence homesteads for ad valorem  
17 taxation by those political subdivisions is approved by the voters.  
18 If that amendment is not approved by the voters, this Act has no  
19 effect.