

By: Patrick, Dan

S.B. No. 276

A BILL TO BE ENTITLED

AN ACT

relating to the determination of the appraised value of a residence homestead for ad valorem taxation.

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

SECTION 1. Section 23.23(a), Tax Code, is amended to read as follows:

(a) Except as provided by ~~[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) 10 percent of the appraised value of the property for the preceding tax year;

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

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

SECTION 2. Section 25.18, Tax Code, is amended by amending Subsection (b) and adding Subsections (b-1), (b-2), and (b-3) to

1 read as follows:

2 (b) The plan shall provide for the following reappraisal
3 activities for all real and personal property in the district at
4 least once every three years, except as provided by Subsections
5 (b-1), (b-2), and (b-3):

6 (1) identifying properties to be appraised through
7 physical inspection or by other reliable means of identification,
8 including deeds or other legal documentation, aerial photographs,
9 land-based photographs, surveys, maps, and property sketches;

10 (2) identifying and updating relevant characteristics
11 of each property in the appraisal records;

12 (3) defining market areas in the district;

13 (4) identifying property characteristics that affect
14 property value in each market area, including:

15 (A) the location and market area of property;

16 (B) physical attributes of property, such as
17 size, age, and condition;

18 (C) legal and economic attributes; and

19 (D) easements, covenants, leases, reservations,
20 contracts, declarations, special assessments, ordinances, or legal
21 restrictions;

22 (5) developing an appraisal model that reflects the
23 relationship among the property characteristics affecting value in
24 each market area and determines the contribution of individual
25 property characteristics;

26 (6) applying the conclusions reflected in the model to
27 the characteristics of the properties being appraised; and

1 (7) reviewing the appraisal results to determine
2 value.

3 (b-1) The plan shall provide for the reappraisal of a
4 residence homestead not more often than once every two years. The
5 appraised value of a residence homestead may not be increased for a
6 tax year in which the property is not appraised.

7 (b-2) Subsection (b-1) does not apply to the appraisal of a
8 residence homestead in the tax year in which a limitation on
9 appraised value under Section 23.23(a) expires.

10 (b-3) Notwithstanding Subsection (b-1), at any time during
11 a tax year before the date the chief appraiser certifies the
12 appraisal roll for the appraisal district, an owner of a residence
13 homestead is entitled to a reappraisal of the owner's residence
14 homestead for that year on written request delivered to the chief
15 appraiser.

16 SECTION 3. Section 403.302(d), Government Code, is amended
17 to read as follows:

18 (d) For the purposes of this section, "taxable value" means
19 the market value of all taxable property less:

20 (1) the total dollar amount of any residence homestead
21 exemptions lawfully granted under Section 11.13(b) or (c), Tax
22 Code, in the year that is the subject of the study for each school
23 district;

24 (2) one-half of the total dollar amount of any
25 residence homestead exemptions granted under Section 11.13(n), Tax
26 Code, in the year that is the subject of the study for each school
27 district;

1 (3) the total dollar amount of any exemptions granted
2 before May 31, 1993, within a reinvestment zone under agreements
3 authorized by Chapter 312, Tax Code;

4 (4) subject to Subsection (e), the total dollar amount
5 of any captured appraised value of property that:

6 (A) is within a reinvestment zone created on or
7 before May 31, 1999, or is proposed to be included within the
8 boundaries of a reinvestment zone as the boundaries of the zone and
9 the proposed portion of tax increment paid into the tax increment
10 fund by a school district are described in a written notification
11 provided by the municipality or the board of directors of the zone
12 to the governing bodies of the other taxing units in the manner
13 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
14 within the boundaries of the zone as those boundaries existed on
15 September 1, 1999, including subsequent improvements to the
16 property regardless of when made;

17 (B) generates taxes paid into a tax increment
18 fund created under Chapter 311, Tax Code, under a reinvestment zone
19 financing plan approved under Section 311.011(d), Tax Code, on or
20 before September 1, 1999; and

21 (C) is eligible for tax increment financing under
22 Chapter 311, Tax Code;

23 (5) for a school district for which a deduction from
24 taxable value is made under Subdivision (4), an amount equal to the
25 taxable value required to generate revenue when taxed at the school
26 district's current tax rate in an amount that, when added to the
27 taxes of the district paid into a tax increment fund as described by

1 Subdivision (4)(B), is equal to the total amount of taxes the
2 district would have paid into the tax increment fund if the district
3 levied taxes at the rate the district levied in 2005;

4 (6) the total dollar amount of any captured appraised
5 value of property that:

6 (A) is within a reinvestment zone:

7 (i) created on or before December 31, 2008,
8 by a municipality with a population of less than 18,000; and

9 (ii) the project plan for which includes
10 the alteration, remodeling, repair, or reconstruction of a
11 structure that is included on the National Register of Historic
12 Places and requires that a portion of the tax increment of the zone
13 be used for the improvement or construction of related facilities
14 or for affordable housing;

15 (B) generates school district taxes that are paid
16 into a tax increment fund created under Chapter 311, Tax Code; and

17 (C) is eligible for tax increment financing under
18 Chapter 311, Tax Code;

19 (7) the total dollar amount of any exemptions granted
20 under Section 11.251 or 11.253, Tax Code;

21 (8) the difference between the comptroller's estimate
22 of the market value and the productivity value of land that
23 qualifies for appraisal on the basis of its productive capacity,
24 except that the productivity value estimated by the comptroller may
25 not exceed the fair market value of the land;

26 (9) the portion of the appraised value of residence
27 homesteads of individuals who receive a tax limitation under

1 Section 11.26, Tax Code, on which school district taxes are not
2 imposed in the year that is the subject of the study, calculated as
3 if the residence homesteads were appraised at the full value
4 required by law;

5 (10) a portion of the market value of property not
6 otherwise fully taxable by the district at market value because of:

7 (A) action required by statute or the
8 constitution of this state that, if the tax rate adopted by the
9 district is applied to it, produces an amount equal to the
10 difference between the tax that the district would have imposed on
11 the property if the property were fully taxable at market value and
12 the tax that the district is actually authorized to impose on the
13 property, if this subsection does not otherwise require that
14 portion to be deducted; or

15 (B) action taken by the district under Subchapter
16 B or C, Chapter 313, Tax Code;

17 (11) the market value of all tangible personal
18 property, other than manufactured homes, owned by a family or
19 individual and not held or used for the production of income;

20 (12) the appraised value of property the collection of
21 delinquent taxes on which is deferred under Section 33.06, Tax
22 Code;

23 (13) the portion of the appraised value of property
24 the collection of delinquent taxes on which is deferred under
25 Section 33.065, Tax Code; ~~and~~

26 (14) the amount by which the market value of a
27 residence homestead to which Section 23.23, Tax Code, applies

1 exceeds the appraised value of that property as calculated under
2 that section; and

3 (15) the amount by which the market value of a
4 residence homestead to which Section 25.18(b-1), Tax Code, applies
5 exceeds the appraised value of that property because of the
6 application of Section 25.18(b-1).

7 SECTION 4. This Act applies only to the determination of the
8 appraised value of a residence homestead for ad valorem taxation
9 for a tax year that begins on or after the effective date of this
10 Act.

11 SECTION 5. This Act takes effect January 1, 2010.