

BILL ANALYSIS

Senate Research Center
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S.J.R. 11
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Section 1, Article VIII of the Texas Constitution sets the maximum annual growth of property tax appraisals at 10 percent for homesteaded property; however, for many Texas homeowners, including those in high-growth areas, a 10 percent annual increase can mean that their property taxes double every seven years. This can make staying in one's own home financially impossible.

S.J.R. 11 proposes a constitutional amendment to provide a limitation of five percent, rather than 10 percent, on the annual growth of property tax appraisals of homesteaded property, and authorizes the voters in a political subdivision to elect a limitation above five percent, but not exceeding 10 percent, through a local option election.

As proposed, S.J.R. 11 proposes a constitutional amendment to authorize the legislature to limit the maximum appraised value of a residence homestead for ad valorem tax purposes to 105 percent or less of the appraised value of the property for the preceding tax year and to permit the voters of a county to establish a higher limitation not to exceed 110 percent on the maximum appraised value of a residence homestead in the county.

RULEMAKING AUTHORITY

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

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 1, Article VIII, Texas Constitution, by amending Subsection (i) and by adding Subsection (i-1) and (i-2), as follows:

(i) Authorizes the legislature by general law, notwithstanding Subsections (a) (relating to requiring taxation to be equal and uniform) and (b) (relating to requiring all real property to be taxed in proportion to its value) of this section, to limit the maximum appraised value of a residence homestead for ad valorem tax purposes in a tax year to the lesser of the most recent market value of the residence homestead as determined by the appraisal entity or 105 percent, rather than 110 percent, or a lesser percentage, rather than a greater percentage, of the appraised value of the residence homestead for the preceding tax year.

(i-1) Authorizes the commissioners court of a county, notwithstanding Subsections (a) and (b) of this section, if the legislature establishes a limitation on the maximum appraised value of a residence homestead as authorized by Subsection (i) of this section, to call an election in the county to permit the voters to determine by majority vote whether to establish for the purposes of ad valorem taxation by each political subdivision in the county a percentage limitation on the maximum appraised value of a residence homestead in the county that is greater than the percentage established by the legislature under Subsection (i) of this section but not more than 110 percent. Requires that the ballot proposition specify the proposed percentage limitation on maximum appraised value. Provides that, if approved by the voters, the limitation applies beginning with the tax year following the year in which the election is held. Provides that a limitation on maximum appraised value established under this subsection takes effect as to a residence

homestead on the later of January 1 of the tax year following the year in which the election is held or January 1 of the tax year following the first tax year the owner qualifies the property for an exemption under Section 1-b (Residence Homestead Exemption) of this article. Provides that, as to a residence homestead, the limitation expires on January 1 of the first tax year that neither the owner of the property when the limitation took effect nor the owner's spouse or surviving spouse qualifies for an exemption under Section 1-b of this article. Provides that, if the voters of a county establish a limitation on maximum appraised value under this subsection, the limitation remains in effect until the tax year following a year in which the limitation is amended or repealed by the voters of the county at a subsequent election called by the commissioners court. Authorizes the legislature by general law to limit the frequency with which elections authorized by this subsection may be called in a county.

(i-2) Authorizes the legislature by general law to provide that a limitation on the maximum appraised value of a residence homestead established under Subsection (i) or (i-1) of this section does not apply to a new improvement to the residence homestead.

SECTION 2. Requires that this proposed constitutional amendment be submitted to the voters at an election to be held November 8, 2011. Sets forth the required language of the ballot.