

By: Riddle

H.B. No. 23

A BILL TO BE ENTITLED

AN ACT

1
2 relating to a local option election in a county to set a limit on the
3 maximum appraised value of a residence homestead for ad valorem tax
4 purposes of less than 110 percent but not less than 103 percent of
5 the appraised value of the property for the preceding tax year.

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

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

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

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

19 (2) the sum of:

20 (A) 10 percent of the appraised value of the
21 property for the preceding tax year;

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

24 (C) the market value of all new improvements to

1 the property.

2 (g) The commissioners court of a county may call an election
3 in the county to permit the voters of the county to determine by
4 majority vote whether a lower percentage limitation on maximum
5 appraised value determined in the manner provided by Subsection
6 (a)(2) using a percentage of less than 10 percent but not less than
7 three percent in place of 10 percent in Subsection (a)(2)(A) will
8 apply to the taxation of residence homesteads in the county by each
9 taxing unit having territory in the county. The election must be
10 held on or before the date of the next general election for state
11 and county officers. The ballot proposition shall specify the
12 proposed percentage limitation on maximum appraised value. If a
13 majority of the votes cast at the election favor the establishment
14 of the proposed limitation, the limitation applies beginning with
15 the tax year following the year in which the election is held and
16 remains in effect until amended or repealed by the voters of the
17 county at a subsequent election called by the commissioners court
18 of the county. An election called to amend or repeal a limitation
19 must be held on or before the date of the next general election for
20 state and county officers following the date the election is
21 called. If the voters of a county amend or repeal a limitation, the
22 amendment or repeal applies beginning with the tax year after the
23 year in which the election is held. A limitation adopted under this
24 subsection applies to the taxation of residence homesteads in the
25 county by each taxing unit having territory in the county, except
26 that if a taxing unit has territory in more than one county, the
27 highest percentage limitation on maximum appraised value under

1 Subsection (a)(2) or this subsection otherwise applicable in any
2 portion of the territory of the taxing unit applies to the taxation
3 of residence homesteads by the taxing unit throughout that taxing
4 unit's territory.

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

7 (d) For purposes of this section, the value of the property
8 subject to the suit and the value of a comparable property or sample
9 property that is used for comparison must be the market value
10 determined by the appraisal district when the property is a
11 residence homestead subject to a [~~the~~] limitation on appraised
12 value imposed by or authorized under Section 23.23.

13 SECTION 3. Sections 42.2516(f-1) and (f-2), Education Code,
14 are amended to read as follows:

15 (f-1) The commissioner shall, in accordance with rules
16 adopted by the commissioner, adjust the amount of a school
17 district's local revenue derived from maintenance and operations
18 tax collections, as calculated for purposes of determining the
19 amount of state revenue to which the district is entitled under this
20 section, if:

21 (1) the district, for the 2010 tax year or a subsequent
22 tax year:

23 (A) [~~(1)~~] adopts an exemption under Section
24 11.13(n), Tax Code, that was not in effect for the 2009 tax year, or
25 eliminates an exemption under Section 11.13(n), Tax Code, that was
26 in effect for the 2009 tax year;

27 (B) [~~(2)~~] adopts an exemption under Section

1 11.13(n), Tax Code, at a greater or lesser percentage than the
2 percentage in effect for the district for the 2009 tax year;

3 (C) [~~(3)~~] grants an exemption under an agreement
4 authorized by Chapter 312, Tax Code, that was not in effect for the
5 2009 tax year, or ceases to grant an exemption authorized by that
6 chapter that was in effect for the 2009 tax year; or

7 (D) [~~(4)~~] agrees to deposit taxes into a tax
8 increment fund created under Chapter 311, Tax Code, under a
9 reinvestment zone financing plan that was not in effect for the 2009
10 tax year, or ceases depositing taxes into a tax increment fund
11 created under that chapter under a reinvestment zone financing plan
12 that was in effect for the 2009 tax year; or

13 (2) for the 2012 tax year or a subsequent tax year, a
14 limitation adopted under Section 23.23(g), Tax Code, applies to the
15 taxation of residence homesteads by the district.

16 (f-2) The rules adopted by the commissioner under
17 Subsection (f-1) must:

18 (1) require the commissioner to determine, as if this
19 section did not exist, the effect under Chapter 41 and this chapter
20 of a school district's action described by Subsection (f-1)(1)(A),
21 (B), (C), or (D) or of a limitation described by Subsection (f-1)(2)
22 [~~(f-1)(1), (2), (3), or (4)~~] on the total state revenue to which the
23 district would be entitled or the cost to the district of purchasing
24 sufficient attendance credits to reduce the district's wealth per
25 student to the equalized wealth level; and

26 (2) require an increase or reduction in the amount of
27 state revenue to which a school district is entitled under

1 Subsection (b) that is substantially equivalent to any change in
2 total state revenue or the cost of purchasing attendance credits
3 that would apply to the district if this section did not exist.

4 SECTION 4. Section 403.302(d), Government Code, as amended
5 by Chapters 1186 (H.B. 3676) and 1328 (H.B. 3646), Acts of the 81st
6 Legislature, Regular Session, 2009, is reenacted and amended to
7 read as follows:

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

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

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

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

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

23 (A) is within a reinvestment zone created on or
24 before May 31, 1999, or is proposed to be included within the
25 boundaries of a reinvestment zone as the boundaries of the zone and
26 the proposed portion of tax increment paid into the tax increment
27 fund by a school district are described in a written notification

1 provided by the municipality or the board of directors of the zone
2 to the governing bodies of the other taxing units in the manner
3 provided by Section 311.003(e), Tax Code, before May 31, 1999, and
4 within the boundaries of the zone as those boundaries existed on
5 September 1, 1999, including subsequent improvements to the
6 property regardless of when made;

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

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

13 (5) the total dollar amount of any captured appraised
14 value of property that:

15 (A) is within a reinvestment zone:

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

18 (ii) the project plan for which includes
19 the alteration, remodeling, repair, or reconstruction of a
20 structure that is included on the National Register of Historic
21 Places and requires that a portion of the tax increment of the zone
22 be used for the improvement or construction of related facilities
23 or for affordable housing;

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

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

1 (6) the total dollar amount of any exemptions granted
2 under Section 11.251 or 11.253, Tax Code;

3 (7) the difference between the comptroller's estimate
4 of the market value and the productivity value of land that
5 qualifies for appraisal on the basis of its productive capacity,
6 except that the productivity value estimated by the comptroller may
7 not exceed the fair market value of the land;

8 (8) the portion of the appraised value of residence
9 homesteads of individuals who receive a tax limitation under
10 Section 11.26, Tax Code, on which school district taxes are not
11 imposed in the year that is the subject of the study, calculated as
12 if the residence homesteads were appraised at the full value
13 required by law;

14 (9) a portion of the market value of property not
15 otherwise fully taxable by the district at market value because of:

16 (A) action required by statute or the
17 constitution of this state that, if the tax rate adopted by the
18 district is applied to it, produces an amount equal to the
19 difference between the tax that the district would have imposed on
20 the property if the property were fully taxable at market value and
21 the tax that the district is actually authorized to impose on the
22 property, if this subsection does not otherwise require that
23 portion to be deducted; or

24 (B) action taken by the district under Subchapter
25 B or C, Chapter 313, Tax Code, before the expiration of the
26 subchapter;

27 (10) the market value of all tangible personal

1 property, other than manufactured homes, owned by a family or
2 individual and not held or used for the production of income;

3 (11) the appraised value of property the collection of
4 delinquent taxes on which is deferred under Section 33.06, Tax
5 Code;

6 (12) the portion of the appraised value of property
7 the collection of delinquent taxes on which is deferred under
8 Section 33.065, Tax Code; and

9 (13) the amount by which the market value of a
10 residence homestead to which Section 23.23, Tax Code, applies
11 exceeds the appraised value of that property as calculated under
12 that section but without regard to any action taken under
13 Subsection (g) of that section.

14 SECTION 5. Section 403.302(i), Government Code, is amended
15 to read as follows:

16 (i) If the comptroller determines in the study that the
17 market value of property in a school district as determined by the
18 appraisal district that appraises property for the school district,
19 less the total of the amounts and values listed in Subsection (d) as
20 determined by that appraisal district, is valid, the comptroller,
21 in determining the taxable value of property in the school district
22 under Subsection (d), shall for purposes of Subsection (d)(13)
23 subtract from the market value as determined by the appraisal
24 district of residence homesteads to which Section 23.23, Tax Code,
25 applies the amount by which that amount exceeds the appraised value
26 of those properties as calculated by the appraisal district under
27 Section 23.23, Tax Code, but without regard to any action taken

1 under Section 23.23(g) of that code. If the comptroller determines
2 in the study that the market value of property in a school district
3 as determined by the appraisal district that appraises property for
4 the school district, less the total of the amounts and values listed
5 in Subsection (d) as determined by that appraisal district, is not
6 valid, the comptroller, in determining the taxable value of
7 property in the school district under Subsection (d), shall for
8 purposes of Subsection (d)(13) subtract from the market value as
9 estimated by the comptroller of residence homesteads to which
10 Section 23.23, Tax Code, applies the amount by which that amount
11 exceeds the appraised value of those properties as calculated by
12 the appraisal district under Section 23.23, Tax Code, but without
13 regard to any action taken under Section 23.23(g) of that code.

14 SECTION 6. The change in law made by this Act to Section
15 23.23, Tax Code, applies only to the appraisal of a residence
16 homestead for ad valorem tax purposes for a tax year that begins on
17 or after January 1, 2012.

18 SECTION 7. This Act takes effect January 1, 2012, but only
19 if the constitutional amendment proposed by the 82nd Legislature,
20 Regular Session, 2011, authorizing the legislature to provide for a
21 local option election in a county to set a limit on the maximum
22 appraised value of a residence homestead for ad valorem tax
23 purposes of less than 110 percent but not less than 103 percent of
24 the appraised value of the property for the preceding tax year is
25 approved by the voters. If that amendment is not approved by the
26 voters, this Act has no effect.