

By: Legler

H.B. No. 1184

A BILL TO BE ENTITLED

1 AN ACT

2 relating to a limitation on the maximum appraised value of real  
3 property for ad valorem tax purposes of 105 percent of the appraised  
4 value of the property for the preceding tax year.

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

6 SECTION 1. Section 1.12(d), Tax Code, is amended to read as  
7 follows:

8 (d) For purposes of this section, the appraisal ratio of  
9 real property [~~a homestead~~] to which Section 23.23 applies is the  
10 ratio of the property's market value as determined by the appraisal  
11 district or appraisal review board, as applicable, to the market  
12 value of the property according to law. The appraisal ratio is not  
13 calculated according to the appraised value of the property as  
14 limited by Section 23.23.

15 SECTION 2. The heading to Section 23.23, Tax Code, is  
16 amended to read as follows:

17 Sec. 23.23. LIMITATION ON APPRAISED VALUE OF REAL PROPERTY  
18 [~~RESIDENCE HOMESTEAD~~].

19 SECTION 3. Section 23.23, Tax Code, is amended by amending  
20 Subsections (a), (b), (c), and (e) and adding Subsections (c-1),  
21 (c-2), and (c-3) to read as follows:

22 (a) Notwithstanding the requirements of Section 25.18 and  
23 regardless of whether the appraisal office has appraised the  
24 property and determined the market value of the property for the tax

1 year, an appraisal office may increase the appraised value of real  
2 property [~~a residence homestead~~] for a tax year to an amount not to  
3 exceed the lesser of:

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

7 (2) the sum of:

8 (A) five [~~10~~] percent of the appraised value of  
9 the property for the preceding tax year;

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

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

14 (b) When appraising real property [~~a residence homestead~~],  
15 the chief appraiser shall:

16 (1) appraise the property at its market value; and

17 (2) include in the appraisal records both the market  
18 value of the property and the amount computed under Subsection  
19 (a)(2).

20 (c) The limitation provided by Subsection (a) takes effect  
21 on January 1 of the tax year following the first tax year in which  
22 the owner owns the property on January 1, or, if the property  
23 qualifies as the [~~to a~~] residence homestead of the owner under  
24 Section 11.13 in the tax year in which the owner acquires the  
25 property, the limitation takes effect on January 1 of the tax year  
26 following that [~~the first~~] tax year [~~the owner qualifies the~~  
27 ~~property for an exemption under Section 11.13~~]. Except as provided

1 by Subsection (c-1) or (c-2), the ~~[The]~~ limitation expires on  
2 January 1 of the first tax year following the year in which ~~[that~~  
3 ~~neither]~~ the owner of the property ceases to own the property.

4 (c-1) If property subject to a limitation under this section  
5 qualifies for an exemption under Section 11.13 when the ownership  
6 of the property is transferred to the owner's spouse or surviving  
7 spouse, the limitation expires on January 1 of the first tax year  
8 following the year in which ~~[when the limitation took effect nor]~~  
9 the owner's spouse or surviving spouse ceases to own the property,  
10 unless the limitation is further continued under this subsection on  
11 the subsequent transfer to a spouse or surviving spouse ~~[qualifies~~  
12 ~~for an exemption under Section 11.13]~~.

13 (c-2) If property subject to a limitation under Subsection  
14 (a), other than a residence homestead, is owned by two or more  
15 persons, the limitation expires on January 1 of the first tax year  
16 following the year in which the ownership of at least a 50 percent  
17 interest in the property is sold or otherwise transferred.

18 (c-3) For purposes of applying the limitation provided by  
19 this section in the first tax year after the 2011 tax year in which  
20 the property is appraised for taxation:

21 (1) the property is considered to have been appraised  
22 for taxation in the 2011 tax year at a market value equal to the  
23 appraised value of the property for that tax year;

24 (2) a person who acquired real property in a tax year  
25 before the 2011 tax year is considered to have acquired the property  
26 on January 1, 2011; and

27 (3) a person who qualified the property for an

1 exemption under Section 11.13 as the person's residence homestead  
2 for any portion of the 2011 tax year is considered to have acquired  
3 the property in the 2011 tax year.

4 (e) In this section, "new improvement" means an improvement  
5 to real property [~~a residence homestead~~] made after the most recent  
6 appraisal of the property that increases the market value of the  
7 property and the value of which is not included in the appraised  
8 value of the property for the preceding tax year. The term does not  
9 include repairs to or ordinary maintenance of an existing structure  
10 or the grounds or another feature of the property.

11 SECTION 4. Section 42.26(d), Tax Code, is amended to read as  
12 follows:

13 (d) For purposes of this section, the value of the property  
14 subject to the suit and the value of a comparable property or sample  
15 property that is used for comparison must be the market value  
16 determined by the appraisal district when the property is [~~a~~  
17 ~~residence homestead~~] subject to the limitation on appraised value  
18 imposed by Section 23.23.

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

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

25 (1) the total dollar amount of any residence homestead  
26 exemptions lawfully granted under Section 11.13(b) or (c), Tax  
27 Code, in the year that is the subject of the study for each school

1 district;

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

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

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

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

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

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

1           (5) the total dollar amount of any captured appraised  
2 value of property that:

3                   (A) is within a reinvestment zone:

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

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

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

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

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

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

23           (8) the portion of the appraised value of residence  
24 homesteads of individuals who receive a tax limitation under  
25 Section 11.26, Tax Code, on which school district taxes are not  
26 imposed in the year that is the subject of the study, calculated as  
27 if the residence homesteads were appraised at the full value

1 required by law;

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

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

12 (B) action taken by the district under Subchapter  
13 B or C, Chapter 313, Tax Code, before the expiration of the  
14 subchapter;

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

18 (11) the appraised value of property the collection of  
19 delinquent taxes on which is deferred under Section 33.06, Tax  
20 Code;

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

24 (13) the amount by which the market value of real  
25 property [~~a residence homestead~~] to which Section 23.23, Tax Code,  
26 applies exceeds the appraised value of that property as calculated  
27 under that section.

1 SECTION 6. Section 403.302(i), Government Code, is amended  
2 to read as follows:

3 (i) If the comptroller determines in the study that the  
4 market value of property in a school district as determined by the  
5 appraisal district that appraises property for the school district,  
6 less the total of the amounts and values listed in Subsection (d) as  
7 determined by that appraisal district, is valid, the comptroller,  
8 in determining the taxable value of property in the school district  
9 under Subsection (d), shall for purposes of Subsection (d)(13)  
10 subtract from the market value as determined by the appraisal  
11 district of properties [~~residence homesteads~~] to which Section  
12 23.23, Tax Code, applies the amount by which that amount exceeds the  
13 appraised value of those properties as calculated by the appraisal  
14 district under Section 23.23, Tax Code. If the comptroller  
15 determines in the study that the market value of property in a  
16 school district as determined by the appraisal district that  
17 appraises property for the school district, less the total of the  
18 amounts and values listed in Subsection (d) as determined by that  
19 appraisal district, is not valid, the comptroller, in determining  
20 the taxable value of property in the school district under  
21 Subsection (d), shall for purposes of Subsection (d)(13) subtract  
22 from the market value as estimated by the comptroller of properties  
23 [~~residence homesteads~~] to which Section 23.23, Tax Code, applies  
24 the amount by which that amount exceeds the appraised value of those  
25 properties as calculated by the appraisal district under Section  
26 23.23, Tax Code.

27 SECTION 7. Section 403.302(m), Government Code, as added by



1 Chapter 1186 (H.B. 3676), Acts of the 81st Legislature, Regular  
2 Session, 2009, is amended to conform to Section 80, Chapter 1328  
3 (H.B. 3646), Acts of the 81st Legislature, Regular Session, 2009,  
4 to read as follows:

5 (m) Subsection (d)(9) [~~(d)(10)~~] does not apply to property  
6 that was the subject of an application under Subchapter B or C,  
7 Chapter 313, Tax Code, made after May 1, 2009, that the comptroller  
8 recommended should be disapproved.

9 SECTION 8. To the extent of any conflict, this Act prevails  
10 over another Act of the 82nd Legislature, Regular Session, 2011,  
11 relating to nonsubstantive additions to and corrections in enacted  
12 codes.

13 SECTION 9. This Act applies only to the appraisal for ad  
14 valorem tax purposes of real property for a tax year that begins on  
15 or after the effective date of this Act.

16 SECTION 10. This Act takes effect January 1, 2012, but only  
17 if the constitutional amendment proposed by the 82nd Legislature,  
18 Regular Session, 2011, to authorize the legislature to limit the  
19 maximum appraised value of real property for ad valorem tax  
20 purposes to 105 percent or more of the appraised value of the  
21 property for the preceding tax year is approved by the voters. If  
22 that amendment is not approved by the voters, this Act has no  
23 effect.