

By: Howard of Fort Bend

H.B. No. 2321

A BILL TO BE ENTITLED

1 AN ACT

2 relating to requiring the full cash value of property, calculated
3 only when property is purchased, constructed, or exchanged, be used
4 for purposes of ad valorem taxation.

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

6 SECTION 1. Sections 1.04(7), (8), and (9), Tax Code, are
7 amended to read as follows:

8 (7) "Market value" means full cash value as shown on
9 the 2009 tax bill as market value and, thereafter, the appraised
10 value of real property when purchased, when newly constructed, or
11 at the time of a change in ownership after the 2009 assessment and
12 shall be referred to as full cash value. Real property not assessed
13 for taxation at the 2009 full cash value may be reassessed to
14 reflect that valuation [~~the price at which a property would~~
15 ~~transfer for cash or its equivalent under prevailing market~~
16 ~~conditions if:~~

17 [~~(A) exposed for sale in the open market with a~~
18 ~~reasonable time for the seller to find a purchaser,~~

19 [~~(B) both the seller and the purchaser know of~~
20 ~~all the uses and purposes to which the property is adapted and for~~
21 ~~which it is capable of being used and of the enforceable~~
22 ~~restrictions on its use, and~~

23 [~~(C) both the seller and purchaser seek to~~
24 ~~maximize their gains and neither is in a position to take advantage~~

1 ~~of the exigencies of the other].~~

2 (8) "Appraised value" means full cash ~~[the]~~ value
3 ~~[determined as provided by Chapter 23 of this code].~~

4 (9) "Assessed value" means, for the purposes of
5 assessment of property for taxation, the amount determined by
6 multiplying the appraised value by the applicable assessment ratio,
7 but, for the purposes of determining the debt limitation imposed by
8 Article III, Section 52, of the Texas Constitution, shall mean the
9 full cash ~~[market]~~ value of the property recorded by the chief
10 appraiser.

11 SECTION 2. Chapter 1, Tax Code, is amended by adding Section
12 1.031 to read as follows:

13 Sec. 1.031. SPECIAL TAX CODE BOARD. (a) If the
14 constitutional amendment proposed by the 81st Legislature, Regular
15 Session, 2009, requiring that taxation be fair and equal and that
16 the full cash value of property, calculated only when property is
17 purchased, constructed, or exchanged, be used for purposes of ad
18 valorem taxation is approved by the voters, a nine-member board is
19 commissioned to recommend amendments and revisions to this code to
20 efficiently and effectively implement the amendment.

21 (b) The governor shall appoint the members of the board.

22 (c) The board shall make recommendations to the legislature
23 on the consolidation of county tax and appraisal district
24 operations where possible in order to provide the best cost-benefit
25 to local governments.

26 (d) The board may adopt rules necessary to implement the
27 amendment, including rules requiring property sales to be reported

1 to a consolidated tax assessment office and maintained as
2 confidential records.

3 (e) A person involved in performing a function related to
4 the appraisal, assessment, or collection of ad valorem taxation may
5 request advice from the board regarding the person's duties under
6 the full cash value tax system.

7 (f) The board shall prepare for consideration by the 82nd
8 Legislature, Regular Session, 2011, a proposed revision of the Tax
9 Code as required by this section.

10 (g) Not later than January 1, 2012, the board shall provide
11 a report to the governor, lieutenant governor, speaker of the house
12 of representatives, comptroller, Legislative Budget Board, and
13 legislature regarding the rules, recommendations, and any other
14 relevant information as determined by the board.

15 (h) This section expires September 1, 2015.

16 SECTION 3. On approval by the voters of the constitutional
17 amendment proposed by the 82nd Legislature, Regular Session, 2011,
18 requiring that taxation be fair and equal and that the full cash
19 value of property, calculated only when property is purchased,
20 constructed, or exchanged, be used for purposes of ad valorem
21 taxation, the comptroller shall cease:

22 (1) reviewing appraisal district operations; and

23 (2) performing any property value ratio study,
24 including a study under Section 403.302, Government Code.

25 SECTION 4. This Act takes effect January 1, 2012, but only
26 if the constitutional amendment proposed by the 81st Legislature,
27 Regular Session, 2009, requiring that taxation be fair and equal

1 and that the full cash value of property, calculated only when
2 property is purchased, constructed, or exchanged, be used for
3 purposes of ad valorem taxation is approved by the voters. If that
4 amendment is not approved by the voters, this Act has no effect.