

By: Farias

H.B. No. 2927

A BILL TO BE ENTITLED

AN ACT

relating to the system for appraising property for ad valorem tax purposes.

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

SECTION 1. Section 5.041(b), Tax Code, is amended to read as follows:

(b) The course established under Subsection (a) must be offered at least four times each year. A member of the appraisal review board established for an appraisal district must complete the course established under Subsection (a). A member of the appraisal review board may not participate in a hearing conducted by the board unless the person has completed the course established under Subsection (a) and received a certificate of course completion.

SECTION 2. Section 23.23, Tax Code, is amended by adding Subsections (a-1), (a-2), (a-3), and (a-4) and amending Subsections (b) and (f) to read as follows:

(a-1) If the owner of real property qualifies the property for a residence homestead exemption under Section 11.13 and the owner acquired the property as a bona fide purchaser for value in the preceding year, the appraised value of the residence homestead for the first tax year in which the property qualified for that exemption may not exceed the lesser of:

(1) the market value of the property;

1 (2) the appraised value of the property as determined
2 under Subsection (a), if applicable; or

3 (3) an amount equal to the sum of:

4 (A) the purchase price of the property paid by
5 the owner; and

6 (B) the market value of all new improvements to
7 the property.

8 (a-2) Subsection (a-1) does not apply to a residence
9 homestead if:

10 (1) the purchase was made:

11 (A) pursuant to a court order;

12 (B) from a trustee in bankruptcy;

13 (C) by one co-owner from one or more other
14 co-owners;

15 (D) from a spouse or a person or persons within
16 the first or second degree of lineal consanguinity of one or more of
17 the purchasers; or

18 (E) from a governmental entity; or

19 (2) the chief appraiser determines that the applicant
20 was not a bona fide purchaser for value under criteria established
21 by rules adopted by the comptroller for that purpose.

22 (a-3) To receive a limitation on appraised value under
23 Subsection (a-1), an owner of the property must apply for the
24 limitation. To apply for the limitation, the owner must file an
25 application with the chief appraiser for each appraisal district in
26 which the property subject to the claimed limitation is located.
27 The application must be filed not later than the latest date on

1 which the owner may file an application for an exemption under
2 Section 11.13 on the property for the year under Section 11.43. The
3 comptroller by rule shall prescribe the form for the application to
4 ensure that the applicant furnishes the information necessary to
5 determine the applicant's eligibility for the limitation.

6 (a-4) For the first tax year following the tax year in which
7 a limitation on appraised value under Subsection (a-1) applies to a
8 residence homestead, in making a computation under Subsection
9 (a)(2), the appraised value of the property as limited by
10 Subsection (a-1) is considered to be the appraised value of the
11 property for the last year in which the property was appraised.

12 (b) When appraising a residence homestead, the chief
13 appraiser shall:

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

15 (2) include in the appraisal records both the market
16 value of the property and the amount computed under Subsection
17 (a)(2) or (a-1)(3), as applicable.

18 (f) Notwithstanding Subsections (a), (a-1), and (e) and
19 except as provided by Subdivision (2), an improvement to property
20 that would otherwise constitute a new improvement is not treated as
21 a new improvement if the improvement is a replacement structure for
22 a structure that was rendered uninhabitable or unusable by a
23 casualty or by wind or water damage. For purposes of appraising
24 the property under Subsection (a) or (a-1) in the tax year in which
25 the structure would have constituted a new improvement:

26 (1) the appraised value the property would have had in
27 the preceding tax year if the casualty or damage had not occurred is

1 considered to be the appraised value of the property for that year,
2 regardless of whether that appraised value exceeds the actual
3 appraised value of the property for that year as limited by
4 Subsection (a) or (a-1); and

5 (2) the replacement structure is considered to be a
6 new improvement only if:

7 (A) the square footage of the replacement
8 structure exceeds that of the replaced structure as that structure
9 existed before the casualty or damage occurred; or

10 (B) the exterior of the replacement structure is
11 of higher quality construction and composition than that of the
12 replaced structure.

13 SECTION 3. Subchapter B, Chapter 23, Tax Code, is amended by
14 adding Section 23.235 to read as follows:

15 Sec. 23.235. PROHIBITION ON REQUESTING PERMISSION TO ENTER
16 RESIDENCE HOMESTEAD. In determining the value of a residence
17 homestead, the chief appraiser or other employee of an appraisal
18 district may not:

19 (1) ask the owner of the residence homestead for
20 permission to enter the residence; or

21 (2) state that entry of the residence by the chief
22 appraiser or other employee of the appraisal district is a
23 prerequisite to the owner's right to protest under Section 41.41.

24 SECTION 4. Section 25.18, Tax Code, is amended by amending
25 Subsection (b) and adding Subsections (b-1), (b-2), (b-3), (b-4),
26 and (b-5) to read as follows:

27 (b) The plan shall provide for the following reappraisal

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

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

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

10 (3) defining market areas in the district;

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

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

14 (B) physical attributes of property, such as
15 size, age, and condition;

16 (C) legal and economic attributes; and

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

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

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

26 (7) reviewing the appraisal results to determine
27 value.

1 (b-1) The plan shall provide for the reappraisal of a
2 residence homestead not more often than once every three years. The
3 market value of a residence homestead may not be increased for a tax
4 year in which the property is not appraised. The plan may not
5 prevent the chief appraiser from reappraising a residence homestead
6 in a year in which the housing market is down.

7 (b-2) Subsection (b-1) does not apply to the appraisal of a
8 residence homestead in:

9 (1) the tax year in which a limitation on appraised
10 value under Section 23.23(a) expires; or

11 (2) the tax year immediately following the tax year in
12 which the homestead is appraised under Section 23.23(a-1).

13 (b-3) Notwithstanding Subsection (b-1), at any time during
14 a tax year before the date the chief appraiser submits the completed
15 appraisal records to the appraisal review board under Section
16 25.22, an owner of a residence homestead is entitled to a
17 reappraisal of the owner's residence homestead for that year on
18 written request delivered to the chief appraiser.

19 (b-4) Notwithstanding Subsection (b-1), if the market value
20 of a residence homestead was reduced in the preceding tax year as a
21 result of a protest brought on the ground of unequal appraisal, the
22 plan must allow the chief appraiser to reappraise the property for
23 the current tax year and increase the market value if appropriate.

24 (b-5) Notwithstanding Subsection (b-1), the plan must allow
25 the chief appraiser, for a tax year in which a residence homestead
26 is not reappraised, to add to the market value of the property the
27 amount of any increase in the value of the property attributable to

1 an improvement to the property made during the preceding tax year.
2 For purposes of this subsection, an improvement that would not
3 constitute a new improvement under Section 23.23 is not an
4 improvement.

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

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

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

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

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

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

24 (A) is within a reinvestment zone created on or
25 before May 31, 1999, or is proposed to be included within the
26 boundaries of a reinvestment zone as the boundaries of the zone and
27 the proposed portion of tax increment paid into the tax increment

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

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

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

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

16 (A) is within a reinvestment zone:

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

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

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

27 (C) is eligible for tax increment financing under

1 Chapter 311, Tax Code;

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

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

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

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

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

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

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

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

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

10 (13) the amount by which the market value of a
11 residence homestead to which Section 23.23, Tax Code, applies
12 exceeds the appraised value of that property as calculated under
13 that section; and

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

18 SECTION 6. Section 403.302(m), Government Code, as added by
19 Chapter 1186 (H.B. 3676), Acts of the 81st Legislature, Regular
20 Session, 2009, is amended to conform to Section 80, Chapter 1328
21 (H.B. 3646), Acts of the 81st Legislature, Regular Session, 2009,
22 to read as follows:

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

27 SECTION 7. Section 5.041(e), Tax Code, is repealed.

1 SECTION 8. To the extent of any conflict, this Act prevails
2 over another Act of the 82nd Legislature, Regular Session, 2011,
3 relating to nonsubstantive additions to and corrections in enacted
4 codes.

5 SECTION 9. (a) This Act applies only to ad valorem taxes
6 imposed for a tax year beginning on or after the effective date of
7 this Act.

8 (b) Sections 23.23(a-1), (a-2), and (a-3), Tax Code, as
9 added by this Act, apply only to a residence homestead that
10 qualifies for an exemption under Section 11.13, Tax Code, on or
11 after the effective date of this Act.

12 SECTION 10. (a) Except as provided by Subsection (b) of
13 this section, this Act takes effect September 1, 2011.

14 (b) Sections 2, 4, and 5 of this Act take effect January 1,
15 2012, but only if the constitutional amendment proposed by the 82nd
16 Legislature, Regular Session, 2011, authorizing the legislature to
17 limit the maximum appraised value of certain residence homesteads
18 for ad valorem tax purposes to the purchase price of the property
19 and to limit the frequency of reappraisals of residence homesteads
20 is approved by the voters. If that amendment is not approved by the
21 voters, Sections 2, 4, and 5 of this Act have no effect.