

By: Villalba

H.B. No. 359

A BILL TO BE ENTITLED

1 AN ACT
2 relating to the limitation on increases in the appraised value of a
3 residence homestead for ad valorem tax purposes.

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

5 SECTION 1. Section 23.23, Tax Code, is amended by amending
6 Subsections (a) and (b) and adding Subsection (a-1) to read as
7 follows:

8 (a) Notwithstanding the requirements of Section 25.18 and
9 regardless of whether the appraisal office has appraised the
10 property and determined the market value of the property for the tax
11 year, an appraisal office may increase the appraised value of a
12 residence homestead for a tax year to an amount not to exceed the
13 least [~~lesser~~] of:

14 (1) the market value of the property for the most
15 recent tax year that the market value was determined by the
16 appraisal office; [~~or~~]

17 (2) the sum of:

18 (A) 10 percent of the appraised value of the
19 property for the preceding tax year;

20 (B) the appraised value of the property for the
21 preceding tax year; and

22 (C) the market value of all new improvements to
23 the property; or

24 (3) the sum of:

1 (A) 25 percent of the lowest appraised value of
2 the property for any of the 10 tax years preceding the current tax
3 year in which the limitation provided by this subsection was in
4 effect;

5 (B) the appraised value of the property for the
6 tax year used to make the computation under Paragraph (A); and

7 (C) the sum of the market value of all new
8 improvements to the property made after January 1 of the tax year
9 used to make the computation under Paragraph (A), based on the
10 market value of each new improvement in the tax year in which the
11 value of the improvement was included in the appraised value of the
12 property.

13 (a-1) This subsection applies only to the 2018, 2019, 2020,
14 2021, 2022, 2023, 2024, 2025, 2026, and 2027 tax years.
15 Notwithstanding Subsection (a)(3), an appraisal office shall
16 compute the limitation on increases in the appraised value of a
17 residence homestead for a tax year under that subdivision based on
18 the lowest appraised value of the property for any of the tax years
19 beginning with the 2017 tax year in which the limitation provided by
20 Subsection (a) was in effect. This subsection expires December 31,
21 2027.

22 (b) When appraising a residence homestead, the chief
23 appraiser shall:

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

25 (2) include in the appraisal records ~~[both]~~ the market
26 value of the property, ~~[and]~~ the amount computed under Subsection
27 (a)(2), and the amount computed under Subsection (a)(3).

1 SECTION 2. This Act applies only to the appraisal for ad
2 valorem tax purposes of residence homesteads for a tax year that
3 begins on or after the effective date of this Act.

4 SECTION 3. This Act takes effect January 1, 2018, but only
5 if the constitutional amendment proposed by the 85th Legislature,
6 1st Called Session, 2017, to authorize the legislature to establish
7 an additional limitation on the maximum appraised value of a
8 residence homestead for ad valorem tax purposes of 125 percent or a
9 greater percentage of the lowest appraised value of the residence
10 homestead for any of the preceding 10 tax years is approved by the
11 voters. If that amendment is not approved by the voters, this Act
12 has no effect.