

## **BILL ANALYSIS**

Senate Research Center  
86R9088 JES-D

S.J.R. 38  
By: Creighton  
Property Tax  
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As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Chapter 23, Tax Code, limits increases in the appraised value of a residence homestead for ad valorem taxation to no more than 10 percent each year. There is concern that the current limitation on increases in appraised is insufficient in protecting homeowners from continuous growth in the value of their property. In some areas appraisal values continue to rise even as the actual property values remain stagnant or fall, resulting in homeowners facing a rapidly increasing property tax burden in an already property tax-heavy state. Moreover, many taxing entities are effectively increasing taxation when tax rates are not lowered to compensate for increased appraisals. The current limitation on appraisal increases is therefore inadequate and should be lowered by the legislature.

S.J.R. 38 addresses this issue by establishing a two-tiered appraisal cap. This will reduce the current limitation to five percent for all homeowners and will also provide additional relief to homeowners with lesser valued homes by establishing a three percent limitation for those homes.

S.J.R. 38 proposes a constitutional amendment to authorize the legislature to set a lower limit and provide for more than one limit on the maximum appraised value of a residence homestead for ad valorem taxation.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 1(i), Article VIII, Texas Constitution, as follows:

(i) Authorizes the legislature by general law, notwithstanding Subsections (a) (relating to requiring taxation to be equal and uniform) and (b) (relating to requiring all real and tangible personal property in this state to be taxed in proportion to its value) of this section, to limit the maximum appraised value of a residence homestead for ad valorem tax purposes in a tax year to the lesser of the most recent market value of the residence homestead as determined by the appraisal entity or 103 percent, rather than 110 percent, or a greater percentage, of the appraised value of the residence homestead for the preceding tax year. Authorizes the legislature by general law, subject to the limitations imposed by this subsection, to provide for one percentage to be used when calculating the limitation on the maximum appraised value of a residence homestead with a lesser appraised value and another percentage to be used when calculating that limitation on a residence homestead with a greater appraised value.

SECTION 2. Requires that the proposed constitutional amendment be submitted to the voters at an election to be held November 5, 2019. Sets forth the required language of the ballot.