

By: Patterson

H.B. No. 1444

A BILL TO BE ENTITLED

AN ACT

relating to the calculation of the ad valorem taxes imposed on real property on the basis of the lesser of the appraised value of the property or the average appraised value of the property over a specified time period.

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

SECTION 1. Section 25.19, Tax Code, is amended by adding Subsection (b-3) to read as follows:

(b-3) In addition to the information required by Subsections (b), (b-1), (b-2), and (f), the chief appraiser shall include in a notice required to be delivered under Subsection (a) or (g) for real property:

(1) the average appraised value of the property determined under Section 26.095; and

(2) a statement that taxes for the current year will be calculated using the lesser of the appraised value of the property for that year or the average appraised value of the property as stated in the notice, less the amount of any partial exemption the owner is entitled to for that year.

SECTION 2. Section 26.09(c), Tax Code, is amended to read as follows:

(c) Subject to Section 26.095, the ~~The~~ tax is calculated by:

(1) subtracting from the appraised value of a property

1 as shown on the appraisal roll for the taxing unit the amount of any  
2 partial exemption allowed the property owner that applies to  
3 appraised value to determine taxable [~~net appraised~~] value; and

4           (2) [~~multiplying the net appraised value by the~~  
5 ~~assessment ratio to determine assessed value;~~

6           [~~(3) subtracting from the assessed value the amount of~~  
7 ~~any partial exemption allowed the property owner to determine~~  
8 ~~taxable value; and~~

9           [~~(4)~~] multiplying the taxable value by the tax rate.

10           SECTION 3. Chapter 26, Tax Code, is amended by adding  
11 Section 26.095 to read as follows:

12           Sec. 26.095. CALCULATION OF TAX ON REAL PROPERTY. (a)  
13 Subject to Subsection (b), the assessor for a taxing unit shall  
14 calculate the taxes imposed on real property for a tax year under  
15 Section 26.09(c) on the basis of the lesser of:

16           (1) the appraised value of the property for that tax  
17 year; or

18           (2) the average appraised value of the property for:

19                   (A) the five-year period ending with the tax year  
20 for which the taxes are imposed; or

21                   (B) if the calculation applies to property  
22 subject to the limitation on appraised value provided under Section  
23 23.23 during the period described by Paragraph (A) and that  
24 limitation expires during that period, the period beginning with  
25 the tax year in which the limitation expires and ending with the tax  
26 year for which the taxes are imposed.

27           (b) When determining the average appraised value of a

1 property under Subsection (a)(2), the assessor may not include the  
2 appraised value of the property for a tax year if that value is at  
3 least 50 percent lower than the appraised value of the property for  
4 the tax year that precedes that tax year.

5 (b-1) This subsection expires January 1, 2022.

6 Notwithstanding Subsection (a)(2):

7 (1) for the 2020 tax year, the assessor for a taxing  
8 unit shall calculate the taxes under the method provided by  
9 Subsection (a)(2) on the basis of the average appraised value of the  
10 property for the lesser of:

11 (A) the three-year period ending with the tax  
12 year for which the taxes are imposed; or

13 (B) the period described by Subsection (a)(2)(B)  
14 for a property described by that paragraph; and

15 (2) for the 2021 tax year, the assessor for a taxing  
16 unit shall calculate the taxes under the method provided by  
17 Subsection (a)(2) on the basis of the average appraised value of the  
18 property for the lesser of:

19 (A) the four-year period ending with the tax year  
20 for which the taxes are imposed; or

21 (B) the period described by Subsection (a)(2)(B)  
22 for a property described by that paragraph.

23 SECTION 4. Section 31.01, Tax Code, is amended by adding  
24 Subsection (c-3) to read as follows:

25 (c-3) In addition to the information required by  
26 Subsections (c), (c-1), and (c-2), the assessor shall include in  
27 the tax bill or separate statement for real property:

1           (1) the average appraised value of the property  
2 determined under Section 26.095; and

3           (2) a statement indicating whether the taxes on the  
4 property were calculated on the basis of the appraised value of the  
5 property for that year or the average appraised value of the  
6 property.

7           SECTION 5. This Act applies only to ad valorem taxes imposed  
8 for an ad valorem tax year that begins on or after the effective  
9 date of this Act.

10           SECTION 6. This Act takes effect January 1, 2020, but only  
11 if the constitutional amendment proposed by the 86th Legislature,  
12 Regular Session, 2019, authorizing the legislature to provide for  
13 the assessment of ad valorem taxes on real property on the basis of  
14 the lesser of the appraised value of the property or the average  
15 appraised value of the property for the most recent five years and  
16 authorizing exceptions to the assessment of those taxes based on  
17 that method is approved by the voters. If that amendment is not  
18 approved by the voters, this Act has no effect.