

By: Toth

H.B. No. 4494

A BILL TO BE ENTITLED

AN ACT

relating to the limitation on increases in the appraised value of a residence homestead for ad valorem tax purposes.

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

SECTION 1. Section 23.23, Tax Code, is amended by amending Subsections (a), (b), and (c) and adding Subsections (a-1), (a-2), (a-3), (a-4), (a-5), (a-6), (a-7), and (c-1) to read as follows:

(a) ~~The [Notwithstanding the requirements of Section 25.18 and regardless of whether the appraisal office has appraised the property and determined the market value of the property for the tax year, an appraisal office may increase the] appraised value of a residence homestead for a tax year is equal to [an amount not to exceed the lesser of:~~

~~[(1)] the market value of the property for the first [most recent] tax year that the owner qualified the property for an exemption under Section 11.13 [market value was determined by the appraisal office, or~~

~~[(2) the sum of:~~

~~[(A) 10 percent of the appraised value of the property for the preceding tax year,~~

~~[(B) the appraised value of the property for the preceding tax year, and~~

~~[(C) the market value of all new improvements to the property].~~

1 (a-1) Notwithstanding Subsection (a), if the owner of real
2 property qualified the property for an exemption under Section
3 11.13 and the owner acquired the property as a bona fide purchaser
4 for value, the appraised value of the property is equal to the
5 purchase price of the property paid by the owner.

6 (a-2) If the first tax year the property owner qualified the
7 property for an exemption under Section 11.13 was a tax year before
8 the 2020 tax year, the appraised value of the property as shown on
9 the 2019 appraisal roll is considered to be:

10 (1) the market value of the property for the first tax
11 year that the owner qualified the property for an exemption under
12 Section 11.13 for purposes of Subsection (a); and

13 (2) the purchase price of the property paid by the
14 owner for purposes of Subsection (a-1).

15 (a-3) Subsection (a-1) does not apply to a residence
16 homestead if:

17 (1) the purchase was made:

18 (A) pursuant to a court order;

19 (B) from a trustee in bankruptcy;

20 (C) by one co-owner from one or more other
21 co-owners;

22 (D) from a spouse or a person or persons within
23 the first or second degree of lineal consanguinity of one or more of
24 the purchasers; or

25 (E) from a governmental entity; or

26 (2) the chief appraiser determines that the applicant
27 was not a bona fide purchaser for value under criteria established

1 by rules adopted by the comptroller for that purpose.

2 (a-4) To receive a limitation on appraised value under
3 Subsection (a-1), an owner of the property must apply for the
4 limitation. To apply for the limitation, the owner must file an
5 application with the chief appraiser for each appraisal district in
6 which the property subject to the claimed limitation is located.
7 The application must be filed not later than the latest date on
8 which the owner may file an application for an exemption under
9 Section 11.13 on the property for the year under Section 11.43. The
10 comptroller by rule shall prescribe the form for the application to
11 ensure that the applicant provides the information necessary to
12 determine the applicant's eligibility for the limitation,
13 including the purchase price of the property paid by the applicant.

14 (a-5) An application filed with a chief appraiser under
15 Subsection (a-4) is confidential and not open to public inspection.
16 The application and the information it contains may not be
17 disclosed to another person other than an employee of the appraisal
18 district who appraises property, except as provided by Subsection
19 (a-6).

20 (a-6) Information that is confidential under Subsection
21 (a-5) may be disclosed:

22 (1) in a judicial or administrative proceeding under a
23 lawful subpoena;

24 (2) to a purchaser, grantee, seller, or grantor named
25 in the application or in the deed to which the application applies
26 or to a representative of the purchaser, grantee, seller, or
27 grantor under a written authorization signed by the purchaser,

1 grantee, seller, or grantor;

2 (3) to the comptroller or to an assessor for a taxing
3 unit in which the property described in the application is located;

4 (4) in a judicial or administrative proceeding related
5 to real property taxation:

6 (A) to which the purchaser, grantee, seller, or
7 grantor is a party;

8 (B) to which an owner of the property described
9 in the application is a party; or

10 (C) by the appraisal district for the purpose of
11 establishing a value of the property or of providing evidence of
12 comparable sales to appraise another property;

13 (5) for statistical purposes if the information is
14 provided in a form that does not identify a specific property or
15 specific purchaser, grantee, seller, or grantor;

16 (6) if and to the extent that the information is
17 required to be included in a public document or record that the
18 appraisal office is required to prepare or maintain; or

19 (7) to a taxing unit or its legal representative that
20 is engaged in the collection of delinquent taxes on the property
21 described in the application.

22 (a-7) Information that is disclosed under Subsection (a-6)
23 does not lose its confidential character.

24 (b) When appraising a residence homestead, the chief
25 appraiser shall:

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

27 (2) include in the appraisal records both the market

1 value of the property and the amount computed under Subsection (a)
2 or (a-1), as applicable [~~(a)(2)~~].

3 (c) The limitation provided by Subsection (a) or (a-1) takes
4 effect as to a residence homestead on January 1 of the first tax
5 year [~~following the first tax year~~] the owner qualifies the
6 property for an exemption under Section 11.13. The limitation
7 expires on January 1 of the first tax year that neither the owner of
8 the property when the limitation took effect nor the owner's spouse
9 or surviving spouse qualifies for an exemption under Section 11.13.

10 (c-1) Notwithstanding Subsection (c), a limitation
11 established under Subsection (a) or (a-1) does not expire if a
12 change in ownership of the property occurs by inheritance or under a
13 will as long as the person who acquires the property qualifies for
14 an exemption under Section 11.13.

15 SECTION 2. Sections 23.23(e), (f), and (g), Tax Code, are
16 repealed.

17 SECTION 3. This Act applies only to ad valorem taxes imposed
18 for a tax year beginning on or after the effective date of this Act.

19 SECTION 4. This Act takes effect January 1, 2020, but only
20 if the constitutional amendment proposed by the 86th Legislature,
21 Regular Session, 2019, authorizing the legislature to provide that
22 the appraised value of a residence homestead for ad valorem tax
23 purposes is the market value of the property for the first year that
24 the owner qualified the property for a homestead exemption or, if
25 the owner purchased the property, the purchase price of the
26 property is approved by the voters. If that amendment is not
27 approved by the voters, this Act has no effect.