

By: Krause

H.B. No. 2311

A BILL TO BE ENTITLED

AN ACT

1
2 relating to limitations on increases in the appraised value for ad
3 valorem tax purposes of residence homesteads and single-family
4 residences other than residence homesteads.

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

6 SECTION 1. Section 1.12(d), Tax Code, is amended to read as
7 follows:

8 (d) For purposes of this section, the appraisal ratio of a
9 residence homestead to which Section 23.23 applies or of a
10 single-family residence other than a residence homestead to which
11 Section 23.231 applies is the ratio of the property's market value
12 as determined by the appraisal district or appraisal review board,
13 as applicable, to the market value of the property according to law.
14 The appraisal ratio is not calculated according to the appraised
15 value of the property as limited by Section 23.23 or 23.231.

16 SECTION 2. Section 23.23(a), Tax Code, is amended to read as
17 follows:

18 (a) Notwithstanding the requirements of Section 25.18 and
19 regardless of whether the appraisal office has appraised the
20 property and determined the market value of the property for the tax
21 year, an appraisal office may increase the appraised value of a
22 residence homestead for a tax year to an amount not to exceed the
23 lesser of:

24 (1) the market value of the property for the most

1 recent tax year that the market value was determined by the
2 appraisal office; or

3 (2) the sum of:

4 (A) five [~~10~~] percent of the appraised value of
5 the property for the preceding tax year;

6 (B) the appraised value of the property for the
7 preceding tax year; and

8 (C) the market value of all new improvements to
9 the property.

10 SECTION 3. Subchapter B, Chapter 23, Tax Code, is amended by
11 adding Section 23.231 to read as follows:

12 Sec. 23.231. LIMITATION ON APPRAISED VALUE OF SINGLE-FAMILY
13 RESIDENCE OTHER THAN RESIDENCE HOMESTEAD. (a) In this section:

14 (1) "New improvement" means an improvement to real
15 property made after the most recent appraisal of the property that
16 increases the market value of the property and the value of which is
17 not included in the appraised value of the property for the
18 preceding tax year. The term does not include repairs to or
19 ordinary maintenance of an existing structure or the grounds or
20 another feature of the property.

21 (2) "Qualifying trust" has the meaning assigned by
22 Section 11.13.

23 (3) "Single-family residence" means a structure,
24 including a mobile home, together with the land, not to exceed 20
25 acres, and improvements used in the residential occupancy of the
26 structure, if the structure and the land and improvements have
27 identical ownership, that:

1 (A) is owned by one or more individuals, either
2 directly or through a beneficial interest in a qualifying trust;

3 (B) is designed or adapted for human residence;
4 and

5 (C) is used as a single-family residence.

6 (b) This section does not apply to a residence homestead
7 that qualifies for an exemption under Section 11.13.

8 (c) 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 single-family residence to which this section applies for a tax
13 year to an amount not to exceed the 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.

24 (d) When appraising a single-family residence to which this
25 section applies, the chief 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
2 (c)(2).

3 (e) The limitation provided by Subsection (c) takes effect
4 as to a single-family residence on January 1 of the tax year
5 following the first tax year in which the owner owns the property on
6 January 1 and in which the property is used as a single-family
7 residence. The limitation expires on January 1 of the tax year
8 following the tax year in which the owner of the property ceases to
9 own the property or the property ceases to be used as a
10 single-family residence.

11 (f) Notwithstanding Subsections (a) and (c) and except as
12 provided by Subdivision (2) of this subsection, an improvement to
13 real property that would otherwise constitute a new improvement is
14 not treated as a new improvement if the improvement is a replacement
15 structure for a structure that was rendered uninhabitable or
16 unusable by a casualty or by wind or water damage. For purposes of
17 appraising the property under Subsection (c) in the tax year in
18 which the structure would have constituted a new improvement:

19 (1) the appraised value the property would have had in
20 the preceding tax year if the casualty or damage had not occurred is
21 considered to be the appraised value of the property for that year,
22 regardless of whether that appraised value exceeds the actual
23 appraised value of the property for that year as limited by
24 Subsection (c); and

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

27 (A) the square footage of the replacement

1 structure exceeds that of the replaced structure as that structure
2 existed before the casualty or damage occurred; or

3 (B) the exterior of the replacement structure is
4 of higher quality construction and composition than that of the
5 replaced structure.

6 (g) In this subsection, "disaster recovery program" means
7 the disaster recovery program administered by the General Land
8 Office or by a political subdivision of this state that is funded
9 with community development block grant disaster recovery money
10 authorized by federal law. Notwithstanding Subsection (f)(2), and
11 only to the extent necessary to satisfy the requirements of the
12 disaster recovery program, a replacement structure described by
13 that subdivision is not considered to be a new improvement if to
14 satisfy the requirements of the disaster recovery program it was
15 necessary that:

16 (1) the square footage of the replacement structure
17 exceed that of the replaced structure as that structure existed
18 before the casualty or damage occurred; or

19 (2) the exterior of the replacement structure be of
20 higher quality construction and composition than that of the
21 replaced structure.

22 SECTION 4. Section 42.26(d), Tax Code, is amended to read as
23 follows:

24 (d) For purposes of this section, the value of the property
25 subject to the suit and the value of a comparable property or sample
26 property that is used for comparison must be the market value
27 determined by the appraisal district when the property is [a

1 ~~residence homestead~~] subject to the limitation on appraised value
2 imposed by Section [23.23](#) or [23.231](#).

3 SECTION 5. Sections [403.302](#)(d) and (i), Government Code,
4 are amended to read as follows:

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

7 (1) the total dollar amount of any residence homestead
8 exemptions lawfully granted under Section [11.13](#)(b) or (c), Tax
9 Code, in the year that is the subject of the study for each school
10 district;

11 (2) one-half of the total dollar amount of any
12 residence homestead exemptions granted under Section [11.13](#)(n), Tax
13 Code, in the year that is the subject of the study for each school
14 district;

15 (3) the total dollar amount of any exemptions granted
16 before May 31, 1993, within a reinvestment zone under agreements
17 authorized by Chapter [312](#), Tax Code;

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

20 (A) is within a reinvestment zone created on or
21 before May 31, 1999, or is proposed to be included within the
22 boundaries of a reinvestment zone as the boundaries of the zone and
23 the proposed portion of tax increment paid into the tax increment
24 fund by a school district are described in a written notification
25 provided by the municipality or the board of directors of the zone
26 to the governing bodies of the other taxing units in the manner
27 provided by former Section [311.003](#)(e), Tax Code, before May 31,

1 1999, and within the boundaries of the zone as those boundaries
2 existed on September 1, 1999, including subsequent improvements to
3 the property regardless of when made;

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

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

10 (5) the total dollar amount of any captured appraised
11 value of property that:

12 (A) is within a reinvestment zone:

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

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

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

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

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

27 (7) the difference between the comptroller's estimate

1 of the market value and the productivity value of land that
2 qualifies for appraisal on the basis of its productive capacity,
3 except that the productivity value estimated by the comptroller may
4 not exceed the fair market value of the land;

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

11 (9) a portion of the market value of property not
12 otherwise fully taxable by the district at market value because of
13 action required by statute or the constitution of this state, other
14 than Section 11.311, Tax Code, that, if the tax rate adopted by the
15 district is applied to it, produces an amount equal to the
16 difference between the tax that the district would have imposed on
17 the property if the property were fully taxable at market value and
18 the tax that the district is actually authorized to impose on the
19 property, if this subsection does not otherwise require that
20 portion to be deducted;

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

24 (11) the appraised value of property the collection of
25 delinquent taxes on which is deferred under Section 33.06, Tax
26 Code;

27 (12) the portion of the appraised value of property

1 the collection of delinquent taxes on which is deferred under
2 Section 33.065, Tax Code;

3 (13) the amount by which the market value of property
4 [~~a residence homestead~~] to which Section 23.23 or 23.231, Tax Code,
5 applies exceeds the appraised value of that property as calculated
6 under Section 23.23 or 23.231, Tax Code, as applicable [~~that~~
7 ~~section~~]; and

8 (14) the total dollar amount of any exemptions granted
9 under Section 11.35, Tax Code.

10 (i) If the comptroller determines in the study that the
11 market value of property in a school district as determined by the
12 appraisal district that appraises property for the school district,
13 less the total of the amounts and values listed in Subsection (d) as
14 determined by that appraisal district, is valid, the comptroller,
15 in determining the taxable value of property in the school district
16 under Subsection (d), shall for purposes of Subsection (d)(13)
17 subtract from the market value as determined by the appraisal
18 district of properties [~~residence homesteads~~] to which Section
19 23.23 or 23.231, Tax Code, applies the amount by which that amount
20 exceeds the appraised value of those properties as calculated by
21 the appraisal district under Section 23.23 or 23.231, Tax Code, as
22 applicable. If the comptroller determines in the study that the
23 market value of property in a school district as determined by the
24 appraisal district that appraises property for the school district,
25 less the total of the amounts and values listed in Subsection (d) as
26 determined by that appraisal district, is not valid, the
27 comptroller, in determining the taxable value of property in the

1 school district under Subsection (d), shall for purposes of
2 Subsection (d)(13) subtract from the market value as estimated by
3 the comptroller of properties [~~residence homesteads~~] to which
4 Section 23.23 or 23.231, Tax Code, applies the amount by which that
5 amount exceeds the appraised value of those properties as
6 calculated by the appraisal district under Section 23.23 or 23.231,
7 Tax Code, as applicable.

8 SECTION 6. This Act applies only to the appraisal of real
9 property for ad valorem tax purposes for a tax year that begins on
10 or after the effective date of this Act.

11 SECTION 7. This Act takes effect January 1, 2022, but only
12 if the constitutional amendment proposed by the 87th Legislature,
13 Regular Session, 2021, to authorize the legislature to limit the
14 maximum appraised value of a residence homestead for ad valorem tax
15 purposes to 105 percent or more of the appraised value of the
16 property for the preceding tax year and to limit the maximum
17 appraised value of a single-family residence other than a residence
18 homestead for those purposes to 110 percent or more of the appraised
19 value of the property for the preceding tax year is approved by the
20 voters. If that amendment is not approved by the voters, this Act
21 has no effect.