88R15858 CJC-F

By:  Meyer H.B. No. 2

A BILL TO BE ENTITLED

AN ACT

relating to providing property tax relief through the public school finance system and property tax appraisal and administration.

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

ARTICLE 1. SHORT TITLE

SECTION 1.01.  This Act may be cited as the Property Tax Relief Act.

ARTICLE 2. SCHOOL DISTRICT TAX RATE COMPRESSION

SECTION 2.01.  Subchapter F, Chapter 48, Education Code, is amended by adding Section 48.2555 to read as follows:

Sec. 48.2555.  MAXIMUM COMPRESSED TAX RATE FOR 2023-2024 SCHOOL YEAR. (a) Notwithstanding any other provision of this title or Chapter 26, Tax Code, for the 2023-2024 school year, the commissioner shall calculate the value of a school district's maximum compressed tax rate by determining the district's maximum compressed rate under Section 48.2551 or 48.2552(b), if applicable, and reducing the tax rate determined under the applicable section by $0.15.

(b)  If a school district's maximum compressed tax rate as calculated under Subsection (a) would be less than 90 percent of another school district's maximum compressed tax rate under Subsection (a), the district's maximum compressed tax rate is the value at which the district's maximum compressed tax rate would be equal to 90 percent of the other district's maximum compressed tax rate.

(c)  Notwithstanding any other provision of this title or Chapter 26, Tax Code, for purposes of determining funding for school districts for the 2023-2024 school year, a reference in any of the following provisions of law to a school district's maximum compressed tax rate or maximum compressed rate as determined under Section 48.2551 means the maximum compressed tax rate determined for the district under this section:

(1)  Section 13.054(f);

(2)  Section 45.003(d);

(3)  Section 45.0032(a);

(4)  Section 48.051(a);

(5)  Sections 48.2553(a) and (e); and

(6)  Section 26.08(n), Tax Code.

(d)  For purposes of Section 30.003(f-1), a reference in that section to Section 48.2551 includes this section.

(e)  Notwithstanding any other provision of this title, for purposes of determining a school district's maximum compressed tax rate under Section 48.2551 for the 2024-2025 school year, the value of the district's "PYMCR" is the maximum compressed tax rate determined for the district under this section for the preceding school year.

(f)  This section expires September 1, 2025.

ARTICLE 3. ESCROW ACCOUNTS

SECTION 3.01.  Section 31.072(a), Tax Code, is amended to read as follows:

(a)  At the request of a property owner, the [~~The~~] collector for a taxing unit shall [~~may~~] enter a contract with the [~~a~~] property owner under which the property owner deposits money in an escrow account maintained by the collector to provide for the payment of property taxes collected by the collector on any property the person owns.

SECTION 3.02.  Sections 31.072(h) and (i), Tax Code, are repealed.

SECTION 3.03.  This article applies only to a tax year that begins on or after the effective date of this article.

ARTICLE 4. LIMITATION ON INCREASES IN VALUE OF REAL PROPERTY

SECTION 4.01.  Section 1.12(d), Tax Code, is amended to read as follows:

(d)  For purposes of this section, the appraisal ratio of real property [~~a homestead~~] to which Section 23.23 applies is the ratio of the property's market value as determined by the appraisal district or appraisal review board, as applicable, to the market value of the property according to law. The appraisal ratio is not calculated according to the appraised value of the property as limited by Section 23.23.

SECTION 4.02.  The heading to Section 23.23, Tax Code, is amended to read as follows:

Sec. 23.23.  LIMITATION ON APPRAISED VALUE OF REAL PROPERTY [~~RESIDENCE HOMESTEAD~~].

SECTION 4.03.  Section 23.23, Tax Code, is amended by amending Subsections (a), (b), (c), and (e) and adding Subsections (c-2), (c-3), and (c-4) to read as follows:

(a)  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 real property [~~a residence homestead~~] for a tax year to an amount not to exceed the lesser of:

(1)  the market value of the property for the most recent tax year that the market value was determined by the appraisal office; or

(2)  the sum of:

(A)  five [~~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.

(b)  When appraising real property [~~a residence homestead~~], the chief appraiser shall:

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

(2)  include in the appraisal records both the market value of the property and the amount computed under Subsection (a)(2).

(c)  The limitation provided by Subsection (a) takes effect on January 1 of the tax year following the first tax year in which the owner owns the property on January 1 [~~as to a residence homestead on January 1 of the tax year following the first tax year the owner qualifies the property for an exemption under Section 11.13~~]. Except as provided by Subsection (c-2) or (c-3), the [~~The~~] limitation expires on January 1 of the first tax year following the year in which [~~that neither~~] the owner of the property ceases to own the property.

(c-2)  If property subject to a limitation under this section qualifies for an exemption under Section 11.13 when the ownership of the property is transferred to the owner's spouse or surviving spouse, the limitation expires on January 1 of the first tax year following the year in which [~~when the limitation took effect nor~~] the owner's spouse or surviving spouse ceases to own the property, unless the limitation is further continued under this subsection on the subsequent transfer to a spouse or surviving spouse [~~qualifies for an exemption under Section 11.13~~].

(c-3)  If property subject to a limitation under Subsection (a), other than a residence homestead, is owned by two or more persons, the limitation expires on January 1 of the first tax year following the year in which the ownership of at least a 50 percent interest in the property is sold or otherwise transferred.

(c-4)  For purposes of applying the limitation provided by this section, a person who acquired real property in a tax year before the 2023 tax year, other than property that qualified as the residence homestead of the person under Section 11.13 in the 2023 tax year, is considered to have acquired the property on January 1, 2023.

(e)  In this section, "new improvement" means an improvement to real property [~~a residence homestead~~] made after the most recent appraisal of the property that increases the market value of the property and the value of which is not included in the appraised value of the property for the preceding tax year. The term does not include repairs to or ordinary maintenance of an existing structure or the grounds or another feature of the property.

SECTION 4.04.  Section 42.26(d), Tax Code, is amended to read as follows:

(d)  For purposes of this section, the value of the property subject to the suit and the value of a comparable property or sample property that is used for comparison must be the market value determined by the appraisal district when the property is [~~a residence homestead~~] subject to the limitation on appraised value imposed by Section 23.23.

SECTION 4.05.  Sections 403.302(d) and (i), Government Code, are amended to read as follows:

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

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

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

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

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

(A)  is within a reinvestment zone created on or before May 31, 1999, or is proposed to be included within the boundaries of a reinvestment zone as the boundaries of the zone and the proposed portion of tax increment paid into the tax increment fund by a school district are described in a written notification provided by the municipality or the board of directors of the zone to the governing bodies of the other taxing units in the manner provided by former Section 311.003(e), Tax Code, before May 31, 1999, and within the boundaries of the zone as those boundaries existed on September 1, 1999, including subsequent improvements to the property regardless of when made;

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

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

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

(A)  is within a reinvestment zone:

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

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

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

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

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

(7)  the difference between the comptroller's estimate of the market value and the productivity value of land that qualifies for appraisal on the basis of its productive capacity, except that the productivity value estimated by the comptroller may not exceed the fair market value of the land;

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

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

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

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

(12)  the portion of the appraised value of property the collection of delinquent taxes on which is deferred under Section 33.065, Tax Code;

(13)  the amount by which the market value of real property [~~a residence homestead~~] to which Section 23.23, Tax Code, applies exceeds the appraised value of that property as calculated under that section; and

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

(i)  If the comptroller determines in the study that the market value of property in a school district as determined by the appraisal district that appraises property for the school district, less the total of the amounts and values listed in Subsection (d) as determined by that appraisal district, is valid, the comptroller, in determining the taxable value of property in the school district under Subsection (d), shall for purposes of Subsection (d)(13) subtract from the market value as determined by the appraisal district of properties [~~residence homesteads~~] to which Section 23.23, Tax Code, applies the amount by which that amount exceeds the appraised value of those properties as calculated by the appraisal district under Section 23.23, Tax Code.  If the comptroller determines in the study that the market value of property in a school district as determined by the appraisal district that appraises property for the school district, less the total of the amounts and values listed in Subsection (d) as determined by that appraisal district, is not valid, the comptroller, in determining the taxable value of property in the school district under Subsection (d), shall for purposes of Subsection (d)(13) subtract from the market value as estimated by the comptroller of properties [~~residence homesteads~~] to which Section 23.23, Tax Code, applies the amount by which that amount exceeds the appraised value of those properties as calculated by the appraisal district under Section 23.23, Tax Code.

SECTION 4.06.  Section 23.23(c-1), Tax Code, is repealed.

SECTION 4.07.  This article applies only to the appraisal for ad valorem tax purposes of real property for a tax year that begins on or after the effective date of this article.

ARTICLE 5. EFFECTIVE DATES

SECTION 5.01.  Except as otherwise provided by this article, this Act takes effect September 1, 2023.

SECTION 5.02.  Article 3 of this Act takes effect January 1, 2024.

SECTION 5.03.  Article 4 of this Act takes effect January 1, 2024, but only if the constitutional amendment proposed by the 88th Legislature, Regular Session, 2023, to authorize the legislature to limit the maximum appraised value of real property for ad valorem tax purposes and to except certain appropriations to pay for ad valorem tax relief from the constitutional limitation on the rate of growth of appropriations is approved by the voters. If that amendment is not approved by the voters, Article 4 of this Act has no effect.