

By: Toth

H.B. No. 295

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), (a-8), and (c-2) to read as follows:

(a) The appraised value of a residence homestead for the first tax year that the owner qualifies the property for an exemption under Section 11.13 is equal to the market value of the property. Notwithstanding Section 23.01, the appraised value of the property for each subsequent tax year until the tax year in which the limitation provided by this subsection expires is equal to the appraised value of the property for the preceding tax year as adjusted by the chief appraiser for the current tax year to reflect any positive change from the preceding tax year in the purchasing power of the dollar for consumers in this state [~~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 to an amount not to exceed the lesser of:~~

~~(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) 10 percent of the appraised value of the~~  
5 ~~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           (a-1) Notwithstanding Subsection (a), if the owner of real  
11 property qualifies the property for an exemption under Section  
12 11.13 and the owner acquired the property as a bona fide purchaser  
13 for value, the purchase price of the property paid by the property  
14 owner is considered to be the market value of the property for the  
15 first tax year that the owner qualifies the property for the  
16 exemption.

17           (a-2) If the first tax year the property owner qualified the  
18 property for an exemption under Section 11.13 was a tax year before  
19 the 2024 tax year:

20                   (1) the property owner is considered to have qualified  
21 the property for the exemption for the first time in the 2023 tax  
22 year; and

23                   (2) the appraised value of the property as shown on the  
24 2023 appraisal roll is considered to be the market value of the  
25 property for that tax year for purposes of Subsection (a).

26           (a-3) Subsection (a-1) does not apply to a residence  
27 homestead if:

1           (1) the purchase was made:

2                   (A) pursuant to a court order;

3                   (B) from a trustee in bankruptcy;

4                   (C) by one co-owner from one or more other  
5 co-owners;

6                   (D) from a spouse or a person or persons within  
7 the first or second degree of lineal consanguinity of one or more of  
8 the purchasers; or

9                   (E) from a governmental entity; or

10           (2) the chief appraiser determines that the applicant  
11 was not a bona fide purchaser for value under criteria established  
12 by rules adopted by the comptroller for that purpose.

13           (a-4) To receive a limitation on appraised value under  
14 Subsection (a) computed in accordance with Subsection (a-1), an  
15 owner of the property must apply for the limitation. To apply for  
16 the limitation, the owner must file an application with the chief  
17 appraiser for each appraisal district in which the property subject  
18 to the claimed limitation is located. The application must be filed  
19 not later than the latest date on which the owner may file an  
20 application for an exemption under Section 11.13 on the property  
21 for the year under Section 11.43. The comptroller by rule shall  
22 prescribe the form for the application to ensure that the applicant  
23 provides the information necessary to determine the applicant's  
24 eligibility for the limitation, including the purchase price of the  
25 property paid by the applicant.

26           (a-5) An application filed with a chief appraiser under  
27 Subsection (a-4) is confidential and not open to public inspection.

1 The application and the information it contains may not be  
2 disclosed to another person other than an employee of the appraisal  
3 district who appraises property, except as provided by Subsection  
4 (a-6).

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

7 (1) in a judicial or administrative proceeding under a  
8 lawful subpoena;

9 (2) to a purchaser, grantee, seller, or grantor named  
10 in the application or in the deed to which the application applies  
11 or to a representative of the purchaser, grantee, seller, or  
12 grantor under a written authorization signed by the purchaser,  
13 grantee, seller, or grantor;

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

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

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

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

22 (C) by the appraisal district for the purpose of  
23 establishing a value of the property or of providing evidence of  
24 comparable sales to appraise another property;

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

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

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

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

9           (a-8) For each tax year, using the index that the  
10 comptroller considers to most accurately report changes in the  
11 purchasing power of the dollar for consumers in this state, the  
12 comptroller shall determine and publicize the percentage by which  
13 the appraised value of residence homesteads may be increased under  
14 Subsection (a). Each chief appraiser shall use the percentage  
15 determined by the comptroller under this subsection to determine  
16 the appraised value under Subsection (a) of residence homesteads  
17 appraised by that chief appraiser.

18           (b) When appraising a residence homestead, the chief  
19 appraiser shall:

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

21                 (2) include in the appraisal records both the market  
22 value of the property and the amount computed under Subsection (a)  
23 [~~(a)(2)~~].

24           (c) The limitation provided by Subsection (a) takes effect  
25 as to a residence homestead on January 1 of the first tax year  
26 [~~following the first tax year~~] the owner qualifies the property for  
27 an exemption under Section 11.13. The limitation expires on

1 January 1 of the first tax year that neither the owner of the  
2 property when the limitation took effect nor the owner's spouse or  
3 surviving spouse qualifies for an exemption under Section 11.13.

4 (c-2) Notwithstanding Subsection (c), a limitation  
5 established under Subsection (a) does not expire if a change in  
6 ownership of the property occurs by inheritance or under a will as  
7 long as the person who acquires the property qualifies for an  
8 exemption under Section 11.13.

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

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

13 SECTION 4. This Act takes effect January 1, 2024, but only  
14 if the constitutional amendment proposed by the 88th Legislature,  
15 Regular Session, 2023, authorizing the legislature to provide that  
16 the appraised value of a residence homestead for ad valorem tax  
17 purposes for the first tax year that the owner of the property  
18 qualifies the property for a residence homestead exemption is the  
19 market value of the property and that, if the owner purchased the  
20 property, the purchase price of the property is considered to be the  
21 market value of the property for that tax year and to limit  
22 increases in the appraised value of the homestead for subsequent  
23 tax years based on the inflation rate is approved by the voters. If  
24 that amendment is not approved by the voters, this Act has no  
25 effect.