

By: Davis

H.B. No. 1189

A BILL TO BE ENTITLED

AN ACT

relating to limitations on the appraised value of certain real property in specified areas for ad valorem tax purposes.

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

SECTION 1. 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, 23.231, or 23.232 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, 23.231, or 23.232.

SECTION 2. Subchapter B, Chapter 23, Tax Code, is amended by adding Sections 23.231 and 23.232 to read as follows:

Sec. 23.231. TEMPORARY LIMITATION ON APPRAISED VALUE OF CERTAIN REAL PROPERTY IN SPECIFIED AREAS. (a) In this section:

(1) "Census tract" means the geographic area identified as a "tract" on the 2020 Census TIGER/Line Shapefiles, prepared by the federal Bureau of the Census for the Twenty-fourth Decennial Census of the United States, enumerated as of April 1, 2020.

(2) "Eligible property" means real property that:

1 (A) is:

2 (i) a residence homestead; or

3 (ii) an undeveloped lot, subject to

4 Subsection (f); and

5 (B) is located in one of the following census
6 tracts:

7 (i) Dallas County tract 002703; or

8 (ii) Harris County tract 210900, 211000,
9 211101, 211102, 211200, or 211700.

10 (3) "Residence homestead" has the meaning assigned by
11 Section 11.13.

12 (b) The governing body of a municipality, county, or school
13 district may by official action adopt a limitation as prescribed by
14 this section on the appraised value of all eligible property
15 located in the taxing unit adopting the limitation. The governing
16 body of a municipality, county, or school district may not repeal,
17 rescind, or take other action to negate the adoption of the
18 limitation once adopted under this subsection.

19 (c) Notwithstanding the requirements of Sections 23.23 and
20 25.18, and regardless of whether the appraisal office has appraised
21 the property and determined the market value of the property for the
22 tax year, an appraisal office may increase the appraised value of
23 eligible property for a tax year to which a limitation under this
24 section applies for purposes of taxation of the property by the
25 taxing unit that adopted the limitation to an amount not to exceed
26 the lesser of:

27 (1) the appraised value of the property as otherwise

1 determined by law; or

2 (2) the appraised value of the property for the tax
3 year preceding the tax year in which the limitation adopted by that
4 taxing unit first applies, as provided by Subsection (e).

5 (d) When appraising eligible property, the chief appraiser
6 shall:

7 (1) appraise the property as otherwise determined by
8 law; and

9 (2) include in the appraisal records:

10 (A) the appraised value of the property
11 determined under Subdivision (1); and

12 (B) the amount determined under Subsection
13 (c)(2) applicable to each taxing unit that has adopted the
14 limitation.

15 (e) Except as provided by Subsection (f), a limitation once
16 adopted by a governing body under this section applies to each tax
17 year:

18 (1) beginning with:

19 (A) the tax year in which the governing body
20 adopts the limitation, if the governing body adopts the limitation
21 on or before April 1; or

22 (B) the tax year following the tax year in which
23 the governing body adopts the limitation, if the governing body
24 adopts the limitation after April 1; and

25 (2) ending with the 2039 tax year.

26 (f) A limitation adopted under this section as applied to a
27 vacant lot expires on the earlier of:

1 (1) January 1 following the end of the fifth tax year
2 for which the limitation applies, unless:

3 (A) a single-family residence has been
4 constructed on the property; and

5 (B) the owner of the residence has qualified the
6 property as the owner's residence homestead; or

7 (2) January 1 of the tax year in which the vacant lot
8 is:

9 (A) developed for a purpose other than as a
10 single-family residence; or

11 (B) developed as a single-family residence but
12 not qualified as the residence homestead of an owner of the
13 property.

14 (g) This section expires January 1, 2040.

15 Sec. 23.232. LIMITATION ON APPRAISED VALUE OF RAPIDLY
16 APPRECIATING RESIDENCE HOMESTEADS IN SPECIFIED AREAS. (a) In this
17 section:

18 (1) "Census tract" means the geographic area
19 identified as a "tract" on the 2020 Census TIGER/Line Shapefiles,
20 prepared by the federal Bureau of the Census for the Twenty-fourth
21 Decennial Census of the United States, enumerated as of April 1,
22 2020.

23 (2) "Disaster recovery program" means the disaster
24 recovery program administered by the General Land Office or by a
25 political subdivision of this state that is funded with community
26 development block grant disaster recovery money authorized by
27 federal law.

1 (3) "New improvement" means an improvement to a
2 rapidly appreciating residence homestead made after the most recent
3 appraisal of the property that increases the market value of the
4 property and the value of which is not included in the appraised
5 value of the property for the preceding tax year. The term does not
6 include repairs to or ordinary maintenance of an existing structure
7 or the grounds or another feature of the property.

8 (4) "Rapidly appreciating residence homestead" means
9 real property:

10 (A) that is a residence homestead;

11 (B) that is located in Dallas County census tract
12 004300, 010101, 010102, 010500, 010601, 010602, or 020500;

13 (C) for which the owner was granted a residence
14 homestead exemption in the 2017, 2018, 2019, 2020, 2021, 2022,
15 2023, and 2024 tax years; and

16 (D) for which the market value for the 2024 tax
17 year is at least 25 percent higher than the market value of the
18 property for the 2017 tax year.

19 (5) "Residence homestead" has the meaning assigned by
20 Section 11.13.

21 (b) Notwithstanding the requirements of Sections 23.23 and
22 25.18, and regardless of whether the appraisal office has appraised
23 the property and determined the market value of the property for the
24 tax year, an appraisal office may increase the appraised value of a
25 rapidly appreciating residence homestead for a tax year to an
26 amount not to exceed the lesser of:

27 (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) the appraised value of the property for the
5 2017 tax year; and

6 (B) the market value of all new improvements to
7 the property.

8 (c) When appraising a rapidly appreciating residence
9 homestead, the chief appraiser shall:

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

11 (2) include in the appraisal records:

12 (A) the market value of the property; and

13 (B) the amount determined under Subsection
14 (b)(2).

15 (d) The limitation provided by Subsection (b) expires on
16 January 1 of the first tax year that neither the owner of the
17 property when the limitation took effect nor the owner's spouse or
18 surviving spouse qualifies for an exemption under Section 11.13.

19 (e) Notwithstanding Subsection (b), and except as provided
20 by Subdivision (2), an improvement to property that would otherwise
21 constitute a new improvement is not treated as a new improvement if
22 the improvement is a replacement structure for a structure that was
23 rendered uninhabitable or unusable by a casualty or by wind, fire,
24 or water damage. For purposes of appraising the property under
25 Subsection (b) in the tax year in which the structure would have
26 constituted a new improvement:

27 (1) the appraised value the property would have had in

1 the preceding tax year if the casualty or damage had not occurred is
2 considered to be the appraised value of the property for that year,
3 regardless of whether that appraised value exceeds the actual
4 appraised value of the property for that year as limited by
5 Subsection (b); and

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

8 (A) the square footage of the replacement
9 structure exceeds that of the replaced structure as that structure
10 existed before the casualty or damage occurred; or

11 (B) the exterior of the replacement structure is
12 of higher quality construction and composition than that of the
13 replaced structure.

14 (f) Notwithstanding Subsection (e)(2), and only to the
15 extent necessary to satisfy the requirements of the disaster
16 recovery program, a replacement structure described by that
17 subdivision is not considered to be a new improvement if to satisfy
18 the requirements of the disaster recovery program it was necessary
19 that:

20 (1) the square footage of the replacement structure
21 exceed that of the replaced structure as that structure existed
22 before the casualty or damage occurred; or

23 (2) the exterior of the replacement structure be of
24 higher quality construction and composition than that of the
25 replaced structure.

26 SECTION 3. Sections 25.19(b) and (g), Tax Code, are amended
27 to read as follows:

1 (b) The chief appraiser shall separate real from personal
2 property and include in the notice for each:

3 (1) a list of the taxing units in which the property is
4 taxable;

5 (2) the appraised value of the property in the
6 preceding year;

7 (3) the taxable value of the property in the preceding
8 year for each taxing unit taxing the property;

9 (4) the appraised value of the property for the
10 current year, the kind and amount of each exemption and partial
11 exemption, if any, approved for the property for the current year
12 and for the preceding year, and, if an exemption or partial
13 exemption that was approved for the preceding year was canceled or
14 reduced for the current year, the amount of the exemption or partial
15 exemption canceled or reduced;

16 (4-a) a statement of whether the property qualifies
17 for a limitation on appraised value under Section 23.231 or 23.232;

18 (5) in italic typeface, the following statement: "The
19 Texas Legislature does not set the amount of your local taxes. Your
20 property tax burden is decided by your locally elected officials,
21 and all inquiries concerning your taxes should be directed to those
22 officials";

23 (6) a detailed explanation of the time and procedure
24 for protesting the value;

25 (7) the date and place the appraisal review board will
26 begin hearing protests;

27 (8) an explanation of the availability and purpose of

1 an informal conference with the appraisal office before a hearing
2 on a protest; and

3 (9) a brief explanation that the governing body of
4 each taxing unit decides whether or not taxes on the property will
5 increase and the appraisal district only determines the value of
6 the property.

7 (g) By April 1 or as soon thereafter as practicable if the
8 property is a single-family residence that qualifies for an
9 exemption under Section 11.13, or by May 1 or as soon thereafter as
10 practicable in connection with any other property, the chief
11 appraiser shall deliver a written notice to the owner of each
12 property not included in a notice required to be delivered under
13 Subsection (a), if the property was reappraised in the current tax
14 year, if the ownership of the property changed during the preceding
15 year, or if the property owner or the agent of a property owner
16 authorized under Section 1.111 makes a written request for the
17 notice. The chief appraiser shall separate real from personal
18 property and include in the notice for each property:

19 (1) the appraised value of the property in the
20 preceding year;

21 (2) the appraised value of the property for the
22 current year and the kind of each partial exemption, if any,
23 approved for the current year;

24 (2-a) a statement of whether the property qualifies
25 for a limitation on appraised value under Section 23.231 or 23.232;

26 (3) a detailed explanation of the time and procedure
27 for protesting the value; and

1 (4) the date and place the appraisal review board will
2 begin hearing protests.

3 SECTION 4. Section 41.41(a), Tax Code, is amended to read as
4 follows:

5 (a) A property owner is entitled to protest before the
6 appraisal review board the following actions:

7 (1) determination of the appraised value of the
8 owner's property or, in the case of land appraised as provided by
9 Subchapter C, D, E, or H, Chapter 23, determination of its appraised
10 or market value;

11 (2) unequal appraisal of the owner's property;

12 (3) inclusion of the owner's property on the appraisal
13 records;

14 (4) denial to the property owner in whole or in part of
15 a partial exemption;

16 (4-a) determination that the owner's property does not
17 qualify for a limitation on appraised value under Section 23.231 or
18 23.232;

19 (5) determination that the owner's land does not
20 qualify for appraisal as provided by Subchapter C, D, E, or H,
21 Chapter 23;

22 (6) identification of the taxing units in which the
23 owner's property is taxable in the case of the appraisal district's
24 appraisal roll;

25 (7) determination that the property owner is the owner
26 of property;

27 (8) a determination that a change in use of land

1 appraised under Subchapter C, D, E, or H, Chapter 23, has occurred;
2 or

3 (9) any other action of the chief appraiser, appraisal
4 district, or appraisal review board that applies to and adversely
5 affects the property owner.

6 SECTION 5. Section 42.26(d), Tax Code, is amended to read as
7 follows:

8 (d) For purposes of this section, the value of the property
9 subject to the suit and the value of a comparable property or sample
10 property that is used for comparison must be the market value
11 determined by the appraisal district when the property is [~~a~~
12 ~~residence-homestead~~] subject to a [~~the~~] limitation on appraised
13 value under [~~imposed by~~] Section 23.23, 23.231, or 23.232.

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

17 SECTION 7. This Act takes effect January 1, 2024, but only
18 if the constitutional amendment proposed by the 88th Legislature,
19 Regular Session, 2023, to authorize the legislature to provide for
20 limitations on the appraised value of certain real property in
21 specified areas for ad valorem tax purposes is approved by the
22 voters. If that amendment is not approved by the voters, this Act
23 has no effect.