

By: Blanco

S.B. No. 547

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 Subsection (a) and adding Subsections (a-1) and (a-2) 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 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) the lesser of:

(i) 10 percent of the appraised value of the property for the preceding tax year; or

(ii) the product of the inflation rate for the preceding tax year as determined under Subsection (a-1), expressed as a decimal, and the appraised value of the property for the preceding tax year;

1 (B) the appraised value of the property for the
2 preceding tax year; and

3 (C) the market value of all new improvements to
4 the property.

5 (a-1) Not later than March 1 of each tax year, the
6 comptroller shall determine the inflation rate for the preceding
7 tax year for purposes of Subsection (a), provide the rate to each
8 appraisal office, and publish the rate in the Texas Register.

9 (a-2) In this section:

10 (1) "Consumer price index" means the average over a
11 tax year of the index that the comptroller considers to most
12 accurately report changes in the purchasing power of the dollar for
13 consumers in this state.

14 (2) "Inflation rate" means the amount, expressed in
15 decimal form rounded to the nearest thousandth, computed by
16 determining the percentage change in the consumer price index for
17 the preceding tax year as compared to the consumer price index for
18 the tax year preceding that tax year.

19 SECTION 2. This Act applies only to the appraisal of a
20 residence homestead for ad valorem tax purposes for a tax year that
21 begins on or after the effective date of this Act.

22 SECTION 3. This Act takes effect January 1, 2024, but only
23 if the constitutional amendment proposed by the 88th Legislature,
24 Regular Session, 2023, to authorize the legislature to set a lower
25 limit on the maximum appraised value of a residence homestead for ad
26 valorem tax purposes is approved by the voters. If that amendment
27 is not approved by the voters, this Act has no effect.