

By: Creighton

S.B. No. 880

A BILL TO BE ENTITLED

AN ACT

relating to the determination of the market value of property for ad
valorem tax purposes.

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

SECTION 1. Section 23.0101, Tax Code, is amended to read as
follows:

Sec. 23.0101. CONSIDERATION OF ALTERNATE APPRAISAL
METHODS. (a) In this section, "commercial real property" means
real property zoned or otherwise authorized for and actually used
for a purpose other than single-family use, multifamily use, heavy
industrial use, or use as a quarry.

(b) Except as provided by Subsection (c), in [In]
determining the market value of property, the chief appraiser shall
consider the cost, income, and market data comparison methods of
appraisal and use the most appropriate method.

(c) The chief appraiser may not use the income method of
appraisal to determine the market value of commercial real
property.

SECTION 2. Section 23.012(a), Tax Code, is amended to read
as follows:

(a) If the chief appraiser uses the income method of
appraisal ~~[income method of appraisal is the most appropriate~~
~~method to use]~~ to determine the market value of real property, the
chief appraiser shall:

1 (1) analyze comparable rental data available to the
2 chief appraiser or the potential earnings capacity of the property,
3 or both, to estimate the gross income potential of the property;

4 (2) analyze comparable operating expense data
5 available to the chief appraiser to estimate the operating expenses
6 of the property;

7 (3) analyze comparable data available to the chief
8 appraiser to estimate rates of capitalization or rates of discount;
9 and

10 (4) base projections of future rent or income
11 potential and expenses on reasonably clear and appropriate
12 evidence.

13 SECTION 3. This Act applies only to the determination of the
14 market value of property for ad valorem tax purposes for a tax year
15 that begins on or after the effective date of this Act.

16 SECTION 4. This Act takes effect January 1, 2024.