

## **BILL ANALYSIS**

C.S.H.B. 361  
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Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The bill author has informed the committee that, while many communities across the state are adversely impacted by rising property taxes, some communities are seeing property values increase quicker than others due to the acquisition of homes in the community for purposes of short term renting or flipping to sell for a profit. The bill author has also informed the committee that, while these sorts of investments can be beneficial to some, in the long term, some people are forced out of their homes due to their high property taxes. C.S.H.B. 361 seeks to slow the rise of property values for long-term residents in desirable communities by prohibiting the chief appraiser of certain appraisal districts from considering the sale of a property to be a comparable sale for purposes of determining the market value of property for which the owner receives a residence homestead exemption unless the owner of the sold property also received a residence homestead exemption.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

### **ANALYSIS**

C.S.H.B. 361 amends the Tax Code to prohibit the chief appraiser of an appraisal district established in a county with a population of more than 50,000, when using the market data method of appraisal to determine the market value of real property, from considering the sale of a property to be a comparable sale for purposes of determining the market value of property for which the owner receives a residence homestead property tax exemption unless:

- the owner of the sold property received a residence homestead exemption for the property on the date of the sale; and
- the sold property is located in the same neighborhood as the property being appraised.

C.S.H.B. 361 applies only to a property tax year that begins on or after January 1, 2026.

### **EFFECTIVE DATE**

January 1, 2026.

### **COMPARISON OF INTRODUCED AND SUBSTITUTE**

While C.S.H.B. 361 may differ from the introduced in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute omits provisions from the introduced that did the following:

- required a chief appraiser, in determining the market value of a residence homestead for property tax purposes, to consider only the value of other residence homesteads in the same neighborhood;
- prohibited the chief appraiser from considering real property without a residence homestead exemption when determining the market value of real property with such an exemption; and
- established that the introduced version's provisions applied only to property taxes imposed for a tax year beginning on or after the introduced version's effective date.

Instead, the substitute includes provisions absent from the introduced that do the following:

- prohibit the chief appraiser of an appraisal district established in a county with a population of more than 50,000, when using the market data method of appraisal to determine the market value of real property, from considering the sale of a property to be a comparable sale for purposes of determining the market value of property for which the owner receives a residence homestead exemption unless:
  - the owner of the sold property received a residence homestead exemption for the property on the date of the sale; and
  - the sold property is located in the same neighborhood as the property being appraised; and
- establish that the substitute's provisions apply only to a property tax year that begins on or after January 1, 2026.