

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 2553
By: West; Middleton
Local Government
5/7/2025
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, Section 11.24 of the Tax Code permits a taxing unit to exempt from taxation part or all of the assessed value of property designated as a historic site. However, appraisals of such property for ad valorem tax purposes do not reflect the significant restrictions placed on these properties due to their historic designation. These restrictions—such as limitations on altering, repairing, or expanding a property—substantially reduce the property's development potential and, therefore, its market value. Nonetheless, current appraisal practices often assign land values to historic properties comparable to those of unrestricted neighboring parcels, potentially resulting in disproportionate tax burdens.

For example, in urban areas like downtown Austin, non-historic sites capable of substantial redevelopment often receive the same per-square-foot land valuation as nearby historic properties that are legally constrained from similar development. This "uniform" appraisal approach fails to account for the economic limitations imposed by historic preservation laws and guidelines, which can render such properties far less flexible and profitable for their owners.

The purpose of S.B. 2553 is to ensure that appraisals of historic sites for ad valorem tax purposes reflect the real-world impact of historic preservation restrictions on market value. Specifically, the bill amends Section 23.013 of the Tax Code to require a chief appraiser to consider the effect of any restrictions—arising from a property's historic designation—on the owner's ability to alter, improve, or repair the property. By directing appraisers to recognize the diminished utility of historically designated properties, this measure seeks to produce more equitable tax valuations and relieve property owners of the inequitable tax implications of preservation mandates and restrictions.

(Original Author/Sponsor's Statement of Intent)

C.S.S.B. 2553 amends current law relating to the authority of an owner of property that qualifies for an exemption as a historic or archaeological site to protest the allocation of the appraised value of the property between the land and the improvements to the land.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 11.24, Tax Code, by adding Subsection (c), as follows:

(c) Authorizes a property owner, for purposes of a structure or archeological site and land subject to an exemption under Section 11.24 (Historic Sites), to protest the appraised value of the structure or archeological site and the appraised value of the land separately. Authorizes a property owner to protest the allocation of appraised value between the structure or archeological site and the land.

SECTION 2. Amends Section 41.41(a), Tax Code, as effective until January 1, 2027, to provide that a property owner is entitled to protest before the appraisal review board certain actions,

including a determination of the appraised value of a structure or archaeological site that qualifies for an exemption under Section 11.24, the appraised value of the land necessary to access the structure or site, and the allocation of the appraised value between the structure or site and the land, and to make nonsubstantive changes.

SECTION 3. Amends Section 41.41(a), Tax Code, as effective January 1, 2027, to make a conforming change.

SECTION 4. Makes application of this Act prospective.

SECTION 5. Effective date: upon passage or September 1, 2025.