

BILL ANALYSIS

C.S.H.B. 3971
By: Meyer
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Interested parties have raised concerns with how homes in historic districts in Texas are appraised. Property owners in designated historic districts are typically subject to certain restrictions on the improvements they can make to their property to which owners of properties outside the districts are not subject. However, interested parties contend that appraisal districts often do not take into consideration these limitations when determining the market value of the land and any property improvements. The net result is a broad application of property valuations to these historic properties relative to nearby or adjacent properties that do not share the same restrictions. This places property owners in historic districts at a disadvantage as property owners in the surrounding areas are able to make vast improvements to their properties that drive up the market value for the owners in the district who cannot do the same. This, in turn, acts to deter individuals from purchasing property within historic districts, which runs counter to the objectives of the state and most municipalities within Texas that have established and strive to promote historic districts. C.S.H.B. 3971 seeks to address this issue and provide relief to homeowners in historic districts by requiring that the effect of restrictions placed by a historic district on a property owner's ability to alter, improve, or repair their property be considered when determining the property's market value.

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. 3971 amends the Tax Code to require a chief appraiser, in determining the market value of residential real property located in an area zoned or otherwise designated as a historic district under municipal, state, or federal law, to consider the effect on the property's value of any restriction placed by the historic district on the property owner's ability to alter, improve, or repair the property.

EFFECTIVE DATE

January 1, 2022.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 3971 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

Whereas the original applied to property located in a designated historic district without defining "designated historic district," the substitute applies to that property and defines that term as an area zoned or otherwise designated as a historic district under municipal, state, or federal law.