

## **BILL ANALYSIS**

Senate Research Center

S.B. 25  
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Finance  
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As Filed

### **AUTHOR'S/SPONSOR'S STATEMENT OF INTENT**

The 75th Legislature, Regular Session, 1997, amended the Tax Code to set a 10 percent cap on the annual increase in appraised value of residence homesteads. S.B. 25 gives local taxing jurisdictions statutory authority to set an appraisal cap below 10 percent, but not lower than three percent. The rate would be set by a majority vote of the governing board of the taxing jurisdiction.

Taxing units that propose higher tax rates are subject to truth-in-taxation provisions, which call for certain notice and public hearing requirements. Appraisal districts are not subject to these provisions when raising property appraisals. S.B. 25 gives local control to jurisdictions suffering from rapidly-rising appraisals.

### **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 23.23, Tax Code, by amending Subsection (a), and adding Subsections (g) and (h), as follows:

(a) Prohibits the appraised value of a residence homestead for a tax year from exceeding a certain amount, except as provided under Subsection (g).

(g) Authorizes the governing body of a taxing unit, in the manner required by law for official action, to at any time provide that for purposes of taxation by the taxing unit in the following and each subsequent tax year a lower limitation on appraised value determined in the manner provided by Subsection (a)(2) using a specific percentage will apply to taxation of residence homesteads.

(h) Provides that Subsection (g) does not affect the appraised value of a residence homestead for taxation by a taxing unit other than the taxing unit whose governing body provides for the application of a limitation on appraised value under that subsection. Provides that if the governing body of the taxing unit sets the tax rate for more than one taxing unit, an action by the governing body under Subsection (g) does not apply to a taxing unit other than the taxing unit whose governing body takes that action.

SECTION 2. Amends Section 42.26(d), Tax Code, to provide that for purposes of this section, the value of the property subject to the suit and the value of a comparable property or sample property that is used for comparison must be the market value determined by the appraisal district when the property is a residence homestead subject to the limitation on appraised value imposed by or authorized under Section 23.23.

SECTION 3. Effective date: January 1, 2006, contingent upon the passage of a constitutional amendment.