

## **BILL ANALYSIS**

Senate Research Center

C.S.S.B. 182  
By: Nixon  
Finance  
5/10/1999  
Committee Report (Substituted)

### **DIGEST**

Currently, there are two methods of appraising leaseholds: the possessory method and the equity method, but the law is ambiguous as to which method appraisal districts must use. C.S.S.B. 182 would require an appraiser to use the equity method to make certain determinations and calculations for real property.

### **PURPOSE**

As proposed, C.S.S.B. 182 requires an appraiser to use the equity method to make certain determinations and calculations for appraisal of real property.

### **RULEMAKING AUTHORITY**

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

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 23.12, Tax Code, to require an appraiser of real property to apply generally accepted appraisal methods and techniques to value the leasehold advantage or "equity." Prohibits the taxable value from being greater than 10 times the leasehold rent advantage. Makes conforming changes.

SECTION 2. Effective date: September 1, 1999.

SECTION 3. Emergency clause.

### **SUMMARY OF COMMITTEE CHANGES**

SECTION 1.

Amends Section 23.13, Tax Code, to require an appraiser to apply generally accepted appraisal methods and techniques to value equity, rather than use certain specific methods, and to prohibit the taxable value from being greater than 10 times the leasehold rent advantage.