

BILL ANALYSIS

Senate Research Center
80R13126 UM-F

H.B. 3630
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, an appraisal district can designate an area on a rural property, or on a contiguous parcel, as a "homesite" and assign it a higher market value than the market value attributed to the surrounding acres that are receiving an agricultural or a wildlife management valuation. By allocating significantly more market value to the homesite, appraisal districts attempt to "recoup lost revenue" from agricultural or wildlife management land. This is possible because the homesite is taxed at market value, whereas, land receiving an agricultural or a wildlife management valuation is taxed at its productive value.

H.B. 3630 requires appraisal districts to appraise the market value of the entire property owned by a landowner and attribute the same market value to the homesite as is given to the other acres on the property. Requires improvements to the homesite, if any, to be appraised separately from the land. This bill clarifies that rural land cannot be appraised using comparable sales data pertaining to the sale of land located within the corporate limits of a municipality.

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 Subchapter B, Chapter 23, Tax Code, by adding Section 23.25, as follows:

Sec. 23.25. APPRAISAL OF LAND USED FOR SINGLE-FAMILY RESIDENTIAL PURPOSES THAT IS CONTIGUOUS TO AGRICULTURAL OR OPEN-SPACE LAND WITH COMMON OWNERSHIP. (a) Provides that this section applies only to the appraisal of a parcel of land that is used for single-family residential purposes and is contiguous to certain parcels of land.

(b) Requires the chief appraiser, in appraising the parcel of land, to determine the price for which the parcel of land being appraised and the contiguous parcel of land described by Subsection (a)(2) would sell if both parcels were sold as a single combined parcel of land and attribute a portion of the amount determined under Subdivision (1) to the parcel of land being appraised based on the proportion that the size of the parcel of land being appraised bears to the size of the single combined parcel of land described by Subdivision (1).

(c) Prohibits the chief appraiser from using comparable sales data pertaining to the sale of land located in the corporate limits of a municipality if the chief appraiser uses the market data comparison method of appraisal to appraise the parcel of land.

SECTION 2. Makes application of this Act prospective to a tax year that begins on or after the effective date of this Act.

SECTION 3. Effective date: January 1, 2008.