

## BILL ANALYSIS

Senate Research Center  
80R6021 JD-D

S.B. 575  
By: Nichols  
Finance  
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As Filed

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

The growth of property taxes statewide is causing a severe financial burden on homeowners and making it difficult for first-time homeowners, and long-time homeowners, to afford their property taxes. The existing cap on the growth rate of property tax appraisals is set at 10 percent.

As proposed, S.B. 575 decreases from 10 to five percent the percentage of the appraised value of the property from the last year to be used in the calculation of the current year's appraised value. The bill authorizes the commissioners court of a county to call an election, no more than once every 10 years, to allow the voters to set the percentage limitation on increases in appraised value at a rate higher than five percent but no more than 10 percent.

### RULEMAKING AUTHORITY

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

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 23.23, Tax Code, by amending Subsection (a) and adding Subsection (g), as follows:

(a) Provides an exception to the limitations on the appraised value of a residence homestead in a tax year. Decreases the percentage of the appraised value of the property for the last year the property was appraised for taxation used in the calculation of the current year's appraised value, from 10 to five percent.

(g) Authorizes the commissioners court of a county to call an election in the county to permit the voters of the county to determine whether a percentage limitation on increases in appraised value determined in the manner provided by Subsection (a)(2) using a percentage that is greater than the percentage specified by Subsection (a)(2)(A) but not more than 10 percent will apply to the taxation of residence homesteads in the county by each taxing unit having territory in the county. Requires the election to be held on the date of the next general election for state and county officers. Requires the ballot proposition to specify the proposed percentage limitation on increases in appraised value. Prohibits a subsequent election before the 10th year after the year the election is held, if a majority of votes cast at the election do not favor the limitation. Provides that if a majority of the votes cast at the election favor the proposed limitation then the limitation applies beginning with the tax year following the year in which the election is held and remains in effect until amended or repealed. Prohibits an election to amend or repeal a percentage limitation to be held before the 10th year after the year the election is held.

SECTION 2. Amends Section 42.26(d), Tax Code, as follows:

(d) Requires that the value of the property subject to the suit and the value of a comparable property or sample property be the market value determined by the appraisal district when the property is a residence homestead subject to a limitation on appraised value imposed by or established under Section 23.23.

SECTION 3. Makes application of this Act prospective for a tax year that begins on or after January 1, 2008.

SECTION 4. Effective date: January 1, 2008, contingent upon approval by the voters of the constitutional amendment relating to authorizing the legislature to limit the maximum average annual increase in the appraised value of residence homesteads for ad valorem tax purposes to five percent or less and not to exceed 10 percent on increases for residence homesteads in the county.