

## **BILL ANALYSIS**

Senate Research Center

H.B. 1614  
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Finance  
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Engrossed

### **DIGEST**

Chapter 23, Tax Code, provides for appraisal methods and procedures for property tax purposes. Section 23.01 requires all taxable property to be appraised at its market value as determined by the application of generally accepted appraisal techniques, and the same or similar appraisal techniques to be used in appraising the same or similar kinds of property. Generally accepted appraisal technique requires an appraiser to apply all applicable approaches to value (market, income, or cost).

Current law allows the appraisal of signs and billboards to use all applicable techniques. Some counties appraise signs or billboards based on the potential income derived from the location of a sign or billboard. This bill would provide that the appraised value of a sign be calculated from the cost of replacement or reproduction cost of the sign.

### **PURPOSE**

As proposed, H.B. 1614 sets forth the formula by which the appraised value of signs is determined.

### **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 Chapter 23B, Tax Code, by adding Section 23.145, as follows:

Sec. 23.145. SIGNS. Provides that the appraised value of a sign, including an on-premise sign or an off-premise sign, is determined by: determining the replacement or reproduction cost of the sign; calculating the amount of that cost lost to depreciation; and subtracting the depreciation from the cost. Prohibits the appraised value of the sign from including an amount attributable to an intangible property interest. Defines "sign," "off-premise sign," and "on-premise sign."

SECTION 2. Effective date: January 1, 1998.  
Makes application of this Act prospective.

SECTION 3. Emergency clause.