

BILL ANALYSIS

Senate Research Center
80R4488 JD-D

S.J.R. 15
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Finance
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, the Tax Code limits the annual percentage increase in the appraisal of residential homestead property to the sum of 10 percent of the appraised value of the property times the number of years since the property was last appraised. However, this appraisal cap does not apply to all residential property. As a result, secondary residential property is unprotected from annual appraisal increases. The negative effects of this practice fall primarily on the homeowners, but also suppresses the housing market across the state.

S.J.R. 15 proposes a constitutional amendment to authorize the legislature to establish a 10 percent limit on annual increases in the appraised value for ad valorem tax purposes of certain real property, other than residence homesteads, used primarily for residential purposes.

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 1, Article VIII, Texas Constitution, by adding Subsection (i-1), as follows:

(i-1) Provides that this subsection does not apply to a residence homestead to which Subsection (i) of this section applies. Authorizes the legislature by general law, notwithstanding Subsections (a) and (b) of this section, to limit the maximum average annual percentage increase in the appraised value of real property that is designed or adapted for residential purposes and used primarily for residential purposes by the owner of the property to 10 percent or greater for each year since the most recent tax appraisal. Provides that a limitation on appraisal increases authorized by this subsection takes effect the tax year after the first year tax year in which the property is owned on January 1 and used primarily for residential purposes, and expires January 1 following the year in which the owner no longer owns the property or uses it primarily for residential purposes.

SECTION 2. Amends the Texas Constitution by adding the following temporary provision:

TEMPORARY PROVISION. (a) Provides that this temporary provision applies to the constitutional amendment proposed by the 80th Legislature, Regular Session, 2007, to authorize the legislature to establish a 10 percent limit on annual increases in the appraised value for ad valorem tax purposes of certain real property, other than residence homesteads, used primarily for residential purposes by the owner of the property and expires January 1, 2009.

(b) Effective date of Section 1(i-1), Article VIII, of this constitution: January 1, 2008. Makes the application of Section 1(i-1), Article VIII, of this constitution, prospective.

SECTION 3. Requires this proposed constitutional amendment to be submitted to the voters at an election to be held November 6, 2007. Sets forth the required language for the ballot.