

BILL ANALYSIS

Senate Research Center

H.B. 1038
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Finance
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Engrossed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Property Tax Relief and Appraisal Reform Select Committee heard testimony from throughout the state during the interim. One problem identified by the witnesses is the exclusion by some appraisal districts of recently foreclosed properties and properties with distressed resale values due to the declining economy located in the same neighborhood when determining the fair market value of a property. Under current law, appraisals are conducted under the cost method, the income method, or the market data comparison method. There are currently no exclusions to prevent appraisal districts from not counting the values of foreclosed properties or properties that have dropped in value.

H.B. 1038 amends current law relating to the determination of the market value of a residence homestead for purposes of ad valorem taxation.

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 23.01, Tax Code by adding Subsection (c), to prohibit the chief appraiser, notwithstanding Section 1.04(7)(C) (relating to the definition of market value), in determining the market value of a residence homestead, from excluding from consideration the value of other residential property that is in the same neighborhood as the residence homestead being appraised and would otherwise be considered in appraising the residence homestead because the other residential property was sold at a foreclosure sale conducted in any of the three years preceding the tax year in which the residence homestead is being appraised and was comparable at the time of sale based on relevant characteristics with other residence homesteads in the same neighborhood or has a market value that has declined because of a declining economy.

SECTION 2. Effective date: January 1, 2010.