

BILL ANALYSIS

Senate Research Center
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S.B. 721
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Finance
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, a homeowner is allowed to appeal or protest the appraised value of a residence homestead before the appraisal review board, which assesses the appraised value and determines whether to uphold or reduce that value. A homeowner who is successful in reducing the home's appraised value, however, is not exempt from having to go through the same appeal and protest process the following year.

As proposed, S.B. 721 prohibits an increase in the appraised value of a homestead in the year immediately following a successful appeal or protest.

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 A, Chapter 23, Tax Code, by adding Section 23.04, as follows:

Sec. 23.04. TEMPORARY PROHIBITION ON INCREASING APPRAISED VALUE OF RESIDENCE HOMESTEAD. (a) Prohibits the appraised value of a residence homestead from exceeding the appraised value of the homestead for the preceding tax year if the appraised value of the property as determined by the chief appraiser for the preceding tax year was reduced by the appraisal review board (board) pursuant to a protest filed under Chapter 41 (Local Review) and the board's determination was not overturned on appeal; as a result of the final determination of an appeal of an order of the appraisal review board determining a protest under Chapter 41; or by the chief appraiser pursuant to an agreement under Section 1.111(e)(1) (relating to the final agreement between a property owner or the owner's agent and the chief appraiser, which may be protested to the appraisal review board or on which a protest has been filed but not determined by the board).

(b) Provides that this section does not apply to property that does not qualify for an exemption under Section 11.13 (Residence Homestead) in the current tax year or did not qualify for an exemption under that section in the preceding tax year, that was subject to this section in the preceding tax year, or the appraised value of which as determined by the chief appraiser for the preceding tax year was reduced in the manner provided by Subsection (a) on the ground that the property was appraised unequally.

(c) Provides that Subsection (a) does not prohibit an increase in appraised value attributable to a new improvement, as defined by Section 23.23(e) (defines "new improvement").

(d) Provides that the appraised value of a residence homestead appraised as provided by this section is considered to be the market value of the property for purposes of the studies required by Chapter 5 (State Administration) of this code and by Section 403.302 (Determination of School District Property Values), Government Code. Prohibits a residence homestead appraised as provided by this

section to be used as a comparable property or a ratio study sample for the purpose of determining whether another property is unequally appraised.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: January 1, 2010.