

## CHAPTER 627

## S.B. No. 538

An Act relating to the calculation of the taxable value of property in a school district for purposes of public school finance; amending Subsection (a), Section 11.86, Education Code, as amended.

*Be it enacted by the Legislature of the State of Texas:*

**SECTION 1.** Subsection (a), Section 11.86, Education Code, as amended, is amended to read as follows:

“(a) The board shall conduct an annual study using comparable sales and other generally accepted techniques to determine the total value of all taxable property in each school district. The study shall determine the taxable value of all property and of each class of property within the district and the productivity value of all land that qualifies for appraisal on the basis of its productive capacity and for which the owner has applied for and received a productivity appraisal. In conducting the studies, the board shall use appropriate standard valuation, statistical compilation, and analysis techniques. For the purposes of this section, ‘taxable value’ means market value less:

“(1) the total dollar amount of any exemptions of part but not all of the value of taxable property required by the constitution or a statute that a district lawfully granted in the year that is the subject of the study;

“(2) the total dollar amount of any exemptions granted within a reinvestment zone under agreements authorized by the Property Redevelopment and Tax Abatement Act (Article 1066f, Vernon’s Texas Civil Statutes);

“(3) the total dollar amount of any captured appraised value of property that is located in a reinvestment zone and that is eligible for tax increment financing under the Texas Tax Increment Financing Act of 1981 (Article 1066e, Vernon’s Texas Civil Statutes);

“(4) the difference between the market value and the productivity value of land that qualifies for appraisal on the basis of its productive capacity, except that the productivity value may not exceed the fair market value of the land;

“(5) the portion of the appraised value of residence homesteads of the elderly on which school district taxes are not imposed in the year that is the subject of the study, calculated as if the residence homesteads were appraised at the full value required by law [~~provided by Section 11.26(e), Tax Code~~]; ~~and~~]

“(6) a portion of the market value of property not otherwise fully taxable by the district at market value *because of action required by statute or the Texas Constitution* that, if the tax rate adopted by the district is applied to it, produces an amount equal to the difference between the tax that the district would have imposed on the property if the property were fully taxable at market value and the tax that the district is actually authorized to impose on the property; *and*

“(7) *the market value of all automobiles owned by a family or individual and not held or used for the production of income.*”

**SECTION 2.** The change in law made by this Act applies beginning with the study conducted under Section 11.86, Education Code, to determine taxable values as of January 1, 1985. Any change in value for any school district resulting from this Act shall not be considered as a rapid decline in tax base for purposes of Subsection (e) of Section 16.252 of this code.

**SECTION 3.** The importance of this legislation and the crowded condition of the calendars in both houses create an emergency and an imperative public necessity that the constitutional rule requiring bills to be read on three several days in each house be suspended, and this rule is hereby suspended, and that this Act take effect and be in force from and after its passage, and it is so enacted.

Passed the Senate on March 6, 1985, by the following vote: Yeas 31, Nays 0; Senate concurred in House amendments on May 27, 1985, by the following vote: Yeas 31, Nays 0; passed the House, with amendments, on May 24, 1985, by the following vote: Yeas 147, Nays 1, one present not voting.

Approved: June 14, 1985

Effective: Immediately