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HOUSE COMMITTEES:
APPROPRIATIONS
SUBCOMMITTEE ON GENERAL GOVERNMENT, CHAIR
WAYS & MEANS, VICE CHAIR

The State of Texas House of Representatives

October 13, 2009

Dear Members:

I have received numerous phone calls and emails concerning an email making the rounds about Propositions 2 and 3, which claim the State of Texas will begin assessing taxes on homeowners. This claim is patently false.

Amendment #2 deals only with the "highest and best use" no longer being available to appraisal districts in valuing someone's residential homestead. The enacting legislation is HB 3613 (which is also the bill that granted disabled veterans an exemption on their homestead). If you read HB 3613 you will see that there is absolutely nothing pertaining to a new tax on homesteads. In fact the Constitution prohibits any statewide property tax. You might also read HJR 36 which is the House Joint Resolution describing these constitutional provisions.

I introduced this legislation and amendments after chairing the Interim Select Committee on Property Tax Relief and Appraisal Reform, which held hearings in eight cities around the state. At one of those hearings a gentleman showed me his 2007 and 2008 appraisal notices, which had his residence appraised at \$150,000 in 2007 (\$30,000 lot value and \$120,000 home value) and \$360,000 in 2008 (\$300,000 lot value and \$60,000 home value). This was the direct result of commercial development in his area and what land was selling to commercial developers. Using the "highest and best use" criteria, the appraisal district justified his increase. You might as well have condemned the man's home, as he was now going to pay taxes at commercial values whether he wanted to sell it for that purpose or not. If these amendments are not passed then that story will continue to repeat itself around this state.

Proposition #3 will allow the state to make sure appraisal methods are consistent throughout the state. Currently appraisal methods differ in each appraisal district and there are no uniform standards or oversight. With state funding for public schools based on the taxable property in each school district, it makes sense to ensure that property values are derived from the same procedures.

The Texas Taxpayer and Research Association calls these constitutional amendments and legislation passed the best appraisal reform in over 30 years. I hope you and your constituents will support Props. 2 and 3.

I hope this answers any questions you might have. I regret that someone who obviously may profit if these amendments fail has decided to attack them with falsehoods.

Respectfully,
John Otto

