

BILL ANALYSIS

C.S.H.B. 492
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The ongoing effects of Hurricane Harvey have led to the suggestion that some taxing jurisdictions should have the ability to reappraise property destroyed by such a disaster in order to provide property tax relief to affected property owners. C.S.H.B. 492 seeks to address this issue by authorizing the governing body of a taxing unit to provide a property tax exemption for damaged property located in a disaster area.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 492 amends the Tax Code to entitle a person to an exemption from property taxation by a taxing unit of a portion of the appraised value of qualified property damaged by disaster that the person owns if the exemption is adopted by the governing body of the taxing unit in the manner provided by law. The bill defines "qualified property" as property that:

- consists of tangible personal property used for the production of income, an improvement to real property, or a manufactured home that is used as a dwelling, regardless of whether the owner of the manufactured home elects to treat the manufactured home as real property;
- is located in an area declared by the governor to be a disaster area following a disaster;
- is at least 15 percent damaged by the disaster, as determined by the applicable chief appraiser; and
- for tangible personal property used for the production of income, is the subject of a rendition statement or property report filed by the property owner that demonstrates that the property had taxable situs in the disaster area for the tax year in which the disaster occurred.

C.S.H.B. 492 requires such an exemption to specify the disaster to which the exemption pertains and to be adopted within a certain time frame. The bill requires a taxing unit the body of which adopts the exemption to timely notify the chief appraiser of each appraisal district in which the taxing unit participates, the assessor for the taxing unit, and the comptroller of public accounts of the adoption of the exemption. The bill provides for the assessment by the chief appraiser of the damage to any property that is the subject of an application for the exemption, the calculation of

the amount of the exemption based on the assessment, the calculation of the amount of the exemption if a person qualifies for the exemption after the beginning of the tax year, and the recalculation of the tax due relating to a reduction of the amount of the tax due. The temporary property tax exemption for qualified property damaged by disaster expires as to an item of qualified property on January 1 of the first tax year in which the property is periodically reappraised. The bill requires a person who qualifies for the exemption to apply for the exemption within a certain time frame, but authorizes the chief appraiser to extend the deadline for good cause shown. The bill authorizes a person who qualifies for the exemption after January 1 of a tax year to receive the exemption for the applicable portion of that tax year immediately on qualification.

C.S.H.B. 492 includes the temporary property tax exemption for qualified property damaged by disaster among the property tax exemptions that, once allowed, need not be claimed in subsequent years and that apply to the property until it changes ownership or the person's qualification for the exemption changes. The bill requires the chief appraiser, if the chief appraiser approves, modifies, or denies an application for the exemption, to deliver a written notice of the approval, modification, or denial to the applicant within a certain time frame. The bill sets out the contents of the notice and establishes that the notice is in lieu of any notice that would otherwise be required for the modification or denial of an application for an exemption.

C.S.H.B. 492 excludes a grant in whole or in part of the partial exemption for a qualified property damaged by disaster from the items a taxing unit is entitled to challenge before the appraisal review board. The bill limits the actions of the chief appraiser in relation to the exemption a property owner is entitled to protest before the appraisal review board to the modification or denial of an application for the exemption and the determination of the appropriate damage assessment rating based on the percent of the property damaged for an item of qualified property. The bill entitles a property owner initiating a taxpayer protest for such actions to a hearing and determination of a protest and requires the property owner to file a written notice of the protest with the appraisal review board having authority to hear the matter protested within a certain time frame. The bill repeals provisions authorizing the governing body of a taxing unit that is located partly or entirely inside an area declared to be a disaster area by the governor to authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster.

C.S.H.B. 492 amends the Government Code to include the total dollar amount of any temporary property tax exemptions for qualified property damaged by disaster among amounts subtracted from the market value of all taxable property for purposes of calculating the taxable value of all property in each school district.

C.S.H.B. 492 repeals Section 23.02, Tax Code.

EFFECTIVE DATE

January 1, 2020, if the constitutional amendment authorizing the legislature to provide for a temporary local option exemption from property taxation of a portion of the appraised value of certain property damaged by a disaster is approved by the voters.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 492 may differ from the original in minor or nonsubstantive ways, the following summarizes the substantial differences between the introduced and committee substitute versions of the bill.

The substitute includes a provision entitling the owner of a manufactured home that is used as a dwelling to the temporary property tax exemption for qualified property damaged by disaster. The substitute includes such a manufactured home among the property assigned certain damage

assessment ratings based on the percent of the property damaged.