

BILL ANALYSIS

S.B. 1772
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

It has been suggested that the impact of Hurricane Harvey on the Texas coastal region demonstrated how disasters can alter the status of many of the fundamental elements that affect the health of a community, such as the availability of public housing for low-income individuals, environmental quality, economic stability, adequate transportation infrastructure, and access to employment. There have been calls to mitigate the impacts of this tragic disaster by relieving some of the burdens of the disaster placed on affected Texans. S.B. 1772 seeks to address this issue by providing a temporary property tax exemption for certain property damaged by a disaster.

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

S.B. 1772 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 in an amount determined under the bill's provisions. The bill defines "qualified property" as property that:

- consists of tangible personal property used for the production of income or an improvement to 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.

S.B. 1772 provides for the following:

- 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.

S.B. 1772 establishes that 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 not later than the 105th day after the date the governor declares the area in which the person's qualified property is located to be a disaster area 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.

S.B. 1772 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 not later than the fifth day after the date the chief appraiser makes the determination. 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.

S.B. 1772 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 that 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 for an item of qualified property. The bill requires a property owner initiating a taxpayer protest for such actions, to be entitled to a hearing and determination of a protest, to file a written notice of the protest with the appraisal review board having authority to hear the matter protested within a certain period.

S.B. 1772 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.

S.B. 1772 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.

S.B. 1772 repeals Section 23.02, Tax Code.

EFFECTIVE DATE

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