

BILL ANALYSIS

Senate Research Center
86R9192 TJB-D

S.B. 492
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Property Tax
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As Filed

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under current law, after a natural disaster, repairs done using disaster recovery funds are not treated as improvements or remodeling so long as the individual is a Texas General Land Office (GLO) direct beneficiary. This allows for a limitation on taxes being raised for homeowners benefiting from disaster recovery funds administered by GLO. Although the replacement structure may be new, the appraiser cannot calculate it as a new structure, which prevents a tax increase for one year. As written, this law only explicitly grants the appraisal limit to GLO beneficiaries. Homeowners who receive disaster funds from programs run by a municipality administering its own disaster recovery programs do not qualify for the same tax exemption.

Whether the homeowner is enrolled in a program administered by GLO, Harris County, or the City of Houston is determined by the property's address. GLO has chosen to form a contract with the City of Houston and Harris County to fund their own programs. This resulted in GLO, Harris County, and the City of Houston running their own programs. The three entities have mutually exclusive jurisdiction, which means that homeowners may only apply to one program.

The City of Houston operates on behalf of GLO under contract within its jurisdiction—the programs are the same, the money being spent is the same and on behalf of GLO, and it is overseen by GLO. Interested parties contend that this puts many homeowners who do not get the reduced valuation at a disadvantage because they did not receive the funds directly from GLO. The City of Houston notes that they are being proactive and that more than 5,000 homes would be positively affected by this change.

This bill is a language-clarifying one that will amend the Tax Code to clarify that homeowners receiving funds from GLO or its direct recipients qualify for reduced valuation. Furthermore, it will amend the Tax Code to include appropriation acts passed by Congress in general and not just the programs listed.

As proposed, S.B. 492 amends current law relating to the application of the limit on appraised value of a residence homestead for ad valorem tax purposes to an improvement that is a replacement structure for a structure that was rendered uninhabitable or unusable by a casualty or by wind or water damage.

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 Section 23.23(g), Tax Code, as follows:

(g) Redefines "disaster recovery program," in this subsection, as a disaster recovery program (program) funded with community development block grant disaster recovery money authorized by federal law, rather than the program administered by the Texas General Land Office that is funded with community development block grant disaster recovery money authorized by the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009 (Pub. L. No. 110-329) and the Consolidated and

Further Continuing Appropriations Act, 2012 (Pub. L. No. 112-55). Makes a nonsubstantive change.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: January 1, 2020.