

1-1 By: Bettencourt S.B. No. 1772  
 1-2 (In the Senate - Filed March 6, 2019; March 14, 2019, read  
 1-3 first time and referred to Committee on Property Tax;  
 1-4 April 1, 2019, reported favorably by the following vote: Yeas 5,  
 1-5 Nays 0; April 1, 2019, sent to printer.)

1-6 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-7 Bettencourt	X			
1-8 Paxton	X			
1-9 Creighton	X			
1-10 Hancock	X			
1-11 Hinojosa	X			

1-13 A BILL TO BE ENTITLED  
 1-14 AN ACT

1-15 relating to a temporary exemption from ad valorem taxation of a  
 1-16 portion of the appraised value of certain property damaged by a  
 1-17 disaster.

1-18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-19 SECTION 1. Subchapter B, Chapter 11, Tax Code, is amended by  
 1-20 adding Section 11.35 to read as follows:

1-21 Sec. 11.35. TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY  
 1-22 DAMAGED BY DISASTER. (a) In this section, "qualified property"  
 1-23 means property that:

1-24 (1) consists of:

1-25 (A) tangible personal property used for the  
 1-26 production of income; or

1-27 (B) an improvement to real property;

1-28 (2) is located in an area declared by the governor to  
 1-29 be a disaster area following a disaster;

1-30 (3) is at least 15 percent damaged by the disaster, as  
 1-31 determined by the chief appraiser under this section; and

1-32 (4) for property described by Subdivision (1)(A), is  
 1-33 the subject of a rendition statement or property report filed by the  
 1-34 property owner under Section 22.01 that demonstrates that the  
 1-35 property had taxable situs in the disaster area for the tax year in  
 1-36 which the disaster occurred.

1-37 (b) A person is entitled to an exemption from taxation by a  
 1-38 taxing unit of a portion of the appraised value of qualified  
 1-39 property that the person owns in an amount determined under  
 1-40 Subsection (e).

1-41 (c) On receipt of an application for the exemption  
 1-42 authorized by this section, the chief appraiser shall determine  
 1-43 whether any item of qualified property that is the subject of the  
 1-44 application is at least 15 percent damaged by the disaster and  
 1-45 assign to each such item of qualified property a damage assessment  
 1-46 rating of Level I, Level II, Level III, or Level IV, as appropriate,  
 1-47 as provided by Subsection (d). In determining the appropriate  
 1-48 damage assessment rating, the chief appraiser may rely on  
 1-49 information provided by a county emergency management authority,  
 1-50 the Federal Emergency Management Agency, or any other source the  
 1-51 chief appraiser considers appropriate.

1-52 (d) The chief appraiser shall assign to an item of qualified  
 1-53 property:

1-54 (1) a Level I damage assessment rating if the property  
 1-55 is at least 15 percent, but less than 30 percent, damaged, meaning  
 1-56 that the property suffered minimal damage and may continue to be  
 1-57 used as intended;

1-58 (2) a Level II damage assessment rating if the  
 1-59 property is at least 30 percent, but less than 60 percent, damaged,  
 1-60 which, for qualified property described by Subsection (a)(1)(B),  
 1-61 means that the property has suffered only nonstructural damage,

2-1 including nonstructural damage to the roof, walls, foundation, or  
 2-2 mechanical components, and the waterline, if any, is less than 18  
 2-3 inches above the floor;

2-4 (3) a Level III damage assessment rating if the  
 2-5 property is at least 60 percent damaged but is not a total loss,  
 2-6 which, for qualified property described by Subsection (a)(1)(B),  
 2-7 means that the property has suffered significant structural damage  
 2-8 requiring extensive repair due to the failure or partial failure of  
 2-9 structural elements, wall elements, or the foundation, or the  
 2-10 waterline is at least 18 inches above the floor; or

2-11 (4) a Level IV damage assessment rating if the  
 2-12 property is a total loss, meaning that repair of the property is not  
 2-13 feasible.

2-14 (e) Subject to Subsection (f), the amount of the exemption  
 2-15 authorized by this section for an item of qualified property is  
 2-16 determined by multiplying the appraised value, determined for the  
 2-17 tax year in which the disaster occurred, of the property by:

2-18 (1) 15 percent, if the property is assigned a Level I  
 2-19 damage assessment rating;

2-20 (2) 30 percent, if the property is assigned a Level II  
 2-21 damage assessment rating;

2-22 (3) 60 percent, if the property is assigned a Level III  
 2-23 damage assessment rating; or

2-24 (4) 100 percent, if the property is assigned a Level IV  
 2-25 damage assessment rating.

2-26 (f) If a person qualifies for the exemption authorized by  
 2-27 this section after the beginning of the tax year, the amount of the  
 2-28 exemption is calculated by multiplying the amount determined under  
 2-29 Subsection (e) by a fraction, the denominator of which is 365 and  
 2-30 the numerator of which is the number of days remaining in the tax  
 2-31 year after the day on which the governor first declares the area in  
 2-32 which the person's qualified property is located to be a disaster  
 2-33 area, including the day on which the governor makes the  
 2-34 declaration.

2-35 (g) If a person qualifies for the exemption authorized by  
 2-36 this section after the amount of the tax due on the qualified  
 2-37 property is calculated and the effect of the qualification is to  
 2-38 reduce the amount of the tax due on the property, the assessor for  
 2-39 each taxing unit that has adopted the exemption shall recalculate  
 2-40 the amount of the tax due on the property and correct the tax roll.  
 2-41 If the tax bill has been mailed and the tax on the property has not  
 2-42 been paid, the assessor shall mail a corrected tax bill to the  
 2-43 person in whose name the property is listed on the tax roll or to the  
 2-44 person's authorized agent. If the tax on the property has been  
 2-45 paid, the tax collector for the taxing unit shall refund to the  
 2-46 person who paid the tax the amount by which the payment exceeded the  
 2-47 tax due. No interest is due on an amount refunded under this  
 2-48 subsection.

2-49 (h) The exemption authorized by this section expires as to  
 2-50 an item of qualified property on January 1 of the first tax year in  
 2-51 which the property is reappraised under Section 25.18.

2-52 SECTION 2. Section 11.42(e), Tax Code, is amended to read as  
 2-53 follows:

2-54 (e) A person who qualifies for an exemption under Section  
 2-55 11.131 or 11.35 after January 1 of a tax year may receive the  
 2-56 exemption for the applicable portion of that tax year immediately  
 2-57 on qualification for the exemption.

2-58 SECTION 3. Section 11.43, Tax Code, is amended by amending  
 2-59 Subsection (c) and adding Subsection (s) to read as follows:

2-60 (c) An exemption provided by Section 11.13, 11.131, 11.132,  
 2-61 11.133, 11.134, 11.17, 11.18, 11.182, 11.1827, 11.183, 11.19,  
 2-62 11.20, 11.21, 11.22, 11.23(a), (h), (j), (j-1), or (m), 11.231,  
 2-63 11.254, 11.27, 11.271, 11.29, 11.30, 11.31, ~~or~~ 11.315, or 11.35,  
 2-64 once allowed, need not be claimed in subsequent years, and except as  
 2-65 otherwise provided by Subsection (e), the exemption applies to the  
 2-66 property until it changes ownership or the person's qualification  
 2-67 for the exemption changes. However, except as provided by  
 2-68 Subsection (r), the chief appraiser may require a person allowed  
 2-69 one of the exemptions in a prior year to file a new application to

3-1 confirm the person's current qualification for the exemption by  
 3-2 delivering a written notice that a new application is required,  
 3-3 accompanied by an appropriate application form, to the person  
 3-4 previously allowed the exemption. If the person previously allowed  
 3-5 the exemption is 65 years of age or older, the chief appraiser may  
 3-6 not cancel the exemption due to the person's failure to file the new  
 3-7 application unless the chief appraiser complies with the  
 3-8 requirements of Subsection (q), if applicable.

3-9 (s) A person who qualifies for an exemption under Section  
 3-10 11.35 must apply for the exemption not later than the 105th day  
 3-11 after the date the governor declares the area in which the person's  
 3-12 qualified property is located to be a disaster area, provided that  
 3-13 the chief appraiser may extend the deadline for good cause shown.

3-14 SECTION 4. Section 11.45, Tax Code, is amended by adding  
 3-15 Subsection (e) to read as follows:

3-16 (e) If the chief appraiser approves, modifies, or denies an  
 3-17 application for an exemption under Section 11.35, the chief  
 3-18 appraiser shall deliver a written notice of the approval,  
 3-19 modification, or denial to the applicant not later than the fifth  
 3-20 day after the date the chief appraiser makes the determination. The  
 3-21 notice must include the damage assessment rating assigned by the  
 3-22 chief appraiser to each item of qualified property that is the  
 3-23 subject of the application and a brief explanation of the  
 3-24 procedures for protesting the chief appraiser's determination. The  
 3-25 notice required under this subsection is in lieu of any notice that  
 3-26 would otherwise be required under Subsection (d).

3-27 SECTION 5. Section 26.012(15), Tax Code, is amended to read  
 3-28 as follows:

3-29 (15) "Lost property levy" means the amount of taxes  
 3-30 levied in the preceding year on property value that was taxable in  
 3-31 the preceding year but is not taxable in the current year because  
 3-32 the property is exempt in the current year under a provision of this  
 3-33 code other than Section 11.251, ~~or~~ 11.253, or 11.35, the property  
 3-34 has qualified for special appraisal under Chapter 23 in the current  
 3-35 year, or the property is located in territory that has ceased to be  
 3-36 a part of the taxing unit since the preceding year.

3-37 SECTION 6. Section 41.03(a), Tax Code, is amended to read as  
 3-38 follows:

3-39 (a) A taxing unit is entitled to challenge before the  
 3-40 appraisal review board:

3-41 (1) the level of appraisals of any category of  
 3-42 property in the district or in any territory in the district, but  
 3-43 not the appraised value of a single taxpayer's property;

3-44 (2) an exclusion of property from the appraisal  
 3-45 records;

3-46 (3) a grant in whole or in part of a partial exemption,  
 3-47 other than an exemption under Section 11.35;

3-48 (4) a determination that land qualifies for appraisal  
 3-49 as provided by Subchapter C, D, E, or H, Chapter 23; or

3-50 (5) a failure to identify the taxing unit as one in  
 3-51 which a particular property is taxable.

3-52 SECTION 7. Section 41.41, Tax Code, is amended by adding  
 3-53 Subsection (c) to read as follows:

3-54 (c) Notwithstanding Subsection (a), a property owner is  
 3-55 entitled to protest before the appraisal review board only the  
 3-56 following actions of the chief appraiser in relation to an  
 3-57 exemption under Section 11.35:

3-58 (1) the modification or denial of an application for  
 3-59 an exemption under that section; or

3-60 (2) the determination of the appropriate damage  
 3-61 assessment rating for an item of qualified property under that  
 3-62 section.

3-63 SECTION 8. Section 41.44(a), Tax Code, is amended to read as  
 3-64 follows:

3-65 (a) Except as provided by Subsections (b), (c), (c-1), and  
 3-66 (c-2), to be entitled to a hearing and determination of a protest,  
 3-67 the property owner initiating the protest must file a written  
 3-68 notice of the protest with the appraisal review board having  
 3-69 authority to hear the matter protested:

4-1 (1) not later than May 15 or the 30th day after the  
 4-2 date that notice to the property owner was delivered to the property  
 4-3 owner as provided by Section 25.19, whichever is later;

4-4 (2) in the case of a protest of a change in the  
 4-5 appraisal records ordered as provided by Subchapter A of this  
 4-6 chapter or by Chapter 25, not later than the 30th day after the date  
 4-7 notice of the change is delivered to the property owner;

4-8 (3) in the case of a determination that a change in the  
 4-9 use of land appraised under Subchapter C, D, E, or H, Chapter 23,  
 4-10 has occurred, not later than the 30th day after the date the notice  
 4-11 of the determination is delivered to the property owner; ~~or~~

4-12 (4) in the case of a determination of eligibility for a  
 4-13 refund under Section 23.1243, not later than the 30th day after the  
 4-14 date the notice of the determination is delivered to the property  
 4-15 owner; or

4-16 (5) in the case of a protest of the modification or  
 4-17 denial of an application for an exemption under Section 11.35, or  
 4-18 the determination of an appropriate damage assessment rating for an  
 4-19 item of qualified property under that section, not later than the  
 4-20 30th day after the date the property owner receives the notice  
 4-21 required under Section 11.45(e).

4-22 SECTION 9. Section 403.302(d), Government Code, is amended  
 4-23 to read as follows:

4-24 (d) For the purposes of this section, "taxable value" means  
 4-25 the market value of all taxable property less:

4-26 (1) the total dollar amount of any residence homestead  
 4-27 exemptions lawfully granted under Section 11.13(b) or (c), Tax  
 4-28 Code, in the year that is the subject of the study for each school  
 4-29 district;

4-30 (2) one-half of the total dollar amount of any  
 4-31 residence homestead exemptions granted under Section 11.13(n), Tax  
 4-32 Code, in the year that is the subject of the study for each school  
 4-33 district;

4-34 (3) the total dollar amount of any exemptions granted  
 4-35 before May 31, 1993, within a reinvestment zone under agreements  
 4-36 authorized by Chapter 312, Tax Code;

4-37 (4) subject to Subsection (e), the total dollar amount  
 4-38 of any captured appraised value of property that:

4-39 (A) is within a reinvestment zone created on or  
 4-40 before May 31, 1999, or is proposed to be included within the  
 4-41 boundaries of a reinvestment zone as the boundaries of the zone and  
 4-42 the proposed portion of tax increment paid into the tax increment  
 4-43 fund by a school district are described in a written notification  
 4-44 provided by the municipality or the board of directors of the zone  
 4-45 to the governing bodies of the other taxing units in the manner  
 4-46 provided by former Section 311.003(e), Tax Code, before May 31,  
 4-47 1999, and within the boundaries of the zone as those boundaries  
 4-48 existed on September 1, 1999, including subsequent improvements to  
 4-49 the property regardless of when made;

4-50 (B) generates taxes paid into a tax increment  
 4-51 fund created under Chapter 311, Tax Code, under a reinvestment zone  
 4-52 financing plan approved under Section 311.011(d), Tax Code, on or  
 4-53 before September 1, 1999; and

4-54 (C) is eligible for tax increment financing under  
 4-55 Chapter 311, Tax Code;

4-56 (5) the total dollar amount of any captured appraised  
 4-57 value of property that:

4-58 (A) is within a reinvestment zone:

4-59 (i) created on or before December 31, 2008,  
 4-60 by a municipality with a population of less than 18,000; and

4-61 (ii) the project plan for which includes  
 4-62 the alteration, remodeling, repair, or reconstruction of a  
 4-63 structure that is included on the National Register of Historic  
 4-64 Places and requires that a portion of the tax increment of the zone  
 4-65 be used for the improvement or construction of related facilities  
 4-66 or for affordable housing;

4-67 (B) generates school district taxes that are paid  
 4-68 into a tax increment fund created under Chapter 311, Tax Code; and

4-69 (C) is eligible for tax increment financing under

5-1 Chapter 311, Tax Code;

5-2 (6) the total dollar amount of any exemptions granted

5-3 under Section 11.251 or 11.253, Tax Code;

5-4 (7) the difference between the comptroller's estimate

5-5 of the market value and the productivity value of land that

5-6 qualifies for appraisal on the basis of its productive capacity,

5-7 except that the productivity value estimated by the comptroller may

5-8 not exceed the fair market value of the land;

5-9 (8) the portion of the appraised value of residence

5-10 homesteads of individuals who receive a tax limitation under

5-11 Section 11.26, Tax Code, on which school district taxes are not

5-12 imposed in the year that is the subject of the study, calculated as

5-13 if the residence homesteads were appraised at the full value

5-14 required by law;

5-15 (9) a portion of the market value of property not

5-16 otherwise fully taxable by the district at market value because of:

5-17 (A) action required by statute or the

5-18 constitution of this state, other than Section 11.311, Tax Code,

5-19 that, if the tax rate adopted by the district is applied to it,

5-20 produces an amount equal to the difference between the tax that the

5-21 district would have imposed on the property if the property were

5-22 fully taxable at market value and the tax that the district is

5-23 actually authorized to impose on the property, if this subsection

5-24 does not otherwise require that portion to be deducted; or

5-25 (B) action taken by the district under Subchapter

5-26 B or C, Chapter 313, Tax Code, before the expiration of the

5-27 subchapter;

5-28 (10) the market value of all tangible personal

5-29 property, other than manufactured homes, owned by a family or

5-30 individual and not held or used for the production of income;

5-31 (11) the appraised value of property the collection of

5-32 delinquent taxes on which is deferred under Section 33.06, Tax

5-33 Code;

5-34 (12) the portion of the appraised value of property

5-35 the collection of delinquent taxes on which is deferred under

5-36 Section 33.065, Tax Code; ~~and~~

5-37 (13) the amount by which the market value of a

5-38 residence homestead to which Section 23.23, Tax Code, applies

5-39 exceeds the appraised value of that property as calculated under

5-40 that section; and

5-41 (14) the total dollar amount of any exemptions granted

5-42 under Section 11.35, Tax Code.

5-43 SECTION 10. Section 23.02, Tax Code, is repealed.

5-44 SECTION 11. Section 11.35, Tax Code, as added by this Act,

5-45 applies only to ad valorem taxes imposed for a tax year that begins

5-46 on or after the effective date of this Act.

5-47 SECTION 12. This Act takes effect January 1, 2020, but only

5-48 if the constitutional amendment proposed by the 86th Legislature,

5-49 Regular Session, 2019, authorizing the legislature to provide for a

5-50 temporary exemption from ad valorem taxation of a portion of the

5-51 appraised value of certain property damaged by a disaster is

5-52 approved by the voters. If that amendment is not approved by the

5-53 voters, this Act has no effect.

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