

BILL ANALYSIS

Senate Research Center
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C.S.S.B. 717
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Finance
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Disaster Act of 1975 authorizes the governor to declare a state of disaster and designate a specific disaster area for any natural or man-made event creating the occurrence or imminent threat of widespread or severe damage, injury, or loss of life or property. Disaster declarations may be issued, and disaster areas designated, in the wake of floods, storms, epidemics, droughts, explosions, and, among other calamities, energy emergencies.

Gubernatorial disaster declarations and area designations trigger multiple laws relating to protection, relief, and mitigation. One provision authorizes a taxing unit within a disaster area to reappraise all property damaged by the disaster at its market value following the event. This reappraisal allows homeowners whose homes were damaged by the disaster to pay lower property taxes that fairly reflect post-disaster values for the remainder of the tax year. Interested parties observe that while taxing units are authorized to reappraise disaster damaged properties, these entities are not required to perform these new appraisals. Interested parties further observe that multiple taxing jurisdictions, including counties, cities, school districts, and special districts, may exist within a disaster area. While one jurisdiction may be elected to reappraise damaged properties, others may not. Consequently, homeowners whose homes were damaged by a disaster event may endure disparate tax treatment by different jurisdictions, where one jurisdiction appraises a home at its post-disaster value and another values that same structure at market value.

S.B. 717 proposes two reforms to ensure that homes damaged by a disaster are appraised and taxed fairly. First, the bill requires, rather than allows, that all properties damaged by a disaster be reappraised at their market value following the event. Second, S.B. 717 reassigns the authority to order reappraisals from the taxing jurisdictions to the chief appraiser of an appraisal district that includes the disaster area. These changes ensure that homes damaged by a disaster may be appraised, and taxed, fairly and uniformly following the disaster event. (Original Author's / Sponsor's Statement of Intent)

C.S.S.B. 717 amends current law relating to the reappraisal for ad valorem tax purposes of property damaged in a disaster.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Texas comptroller of public accounts in SECTION 1 (Section 23.02, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 23.02, Tax Code, as follows:

Sec. 23.02. REAPPRAISAL OF PROPERTY DAMAGED IN DISASTER AREA. (a) Requires the chief appraiser of an appraisal district that appraises property for a taxing unit that is located partly or entirely inside an area declared to be a disaster area by the governor to reappraise all property that the Federal Emergency Management Agency or its successor agency estimates to have sustained five percent or greater damage as a result of the disaster at its market value immediately after the disaster, rather than 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 reappraise all property damaged in the disaster at its market value immediately after the disaster.

(a-1) Authorizes a property owner, notwithstanding Subsection (a), to refuse to have the owner's property reappraised under this section.

(b) Requires the chief appraiser to complete the reappraisal not later than the 45th day after the date the governor declares the area to be a disaster area, rather than requiring the appraisal office to, if a taxing unit authorizes a reappraisal pursuant to this section, complete the reappraisal as soon as practicable.

(b-1) Requires the chief appraiser, notwithstanding Subsection (b), to complete the reappraisal as soon as practicable after the damage estimates are completed if the Federal Emergency Management Agency or its successor agency does not complete the damage estimates described by Subsection (a) on or before the deadline for completing the reappraisal prescribed by Subsection (b).

(b-2) Requires the chief appraiser, rather than the appraisal office, to include on the appraisal records, in addition to other information required or authorized by law, the date of the disaster and the appraised value of the property after the disaster. Deletes existing text requiring appraisal records to include, if the reappraisal is not authorized by all taxing units in which the property is located, an indication of the taxing units to which the reappraisal applies. Makes nonsubstantive changes.

(c) Requires a taxing unit for which property is reappraised, rather than a taxing unit that authorizes a reappraisal, under this section to pay the appraisal district all the costs of making the reappraisal. Requires, if property in the same territory is reappraised for two or more taxing units, rather than if two or more taxing units provide for the reappraisal in the same territory, each unit to share the costs of the reappraisal in that territory in the proportion the total dollar amount of taxes each unit imposed in that territory in the preceding year bears to the total dollar amount of taxes all units imposed in that territory in the preceding year, rather than taxes all units providing for reappraisal of that territory imposed in the preceding year.

(d) Requires the governing body of the taxing unit, if property damaged in a disaster is reappraised for a taxing unit as provided by this section, to provide for prorating the taxes on the property for the year in which the disaster occurred. Provides that the prorated taxes, rather than if the taxes are prorated, due on the property are determined by a certain formula.

(e) Authorizes the Texas comptroller of public accounts to adopt rules to implement and administer this section.

SECTION 2. Makes application of this Act prospective.

SECTION 3. Effective date: upon passage or September 1, 2017.