

BILL ANALYSIS

Senate Research Center

C.S.S.B. 972
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Finance
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Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Because property taxes are assessed based on the value of the property as of January first of the taxing year, if a home or other improvement on a property is subsequently destroyed, the property owner essentially would pay for an entire year's worth of property taxes on an assessed value that the property owner does not actually realize. Accordingly, a home owner whose house burns down on January 2 would be required to pay a full year's property taxes on the value of the home as it existed on January 1.

Although currently there is a mechanism for reappraisal for property damaged by a disaster in an area declared by the governor to be a disaster area, no such relief is afforded to individual incidents of property destruction, for example by a house fire.

S.B. 972 would allow an individual property owner to apply to an appraisal district for a reappraisal of property that has been totally destroyed. The appraisal district would reappraise the property, and the amount of taxes owed on the property to any taxing district would be prorated so the property owner pays the pre-catastrophic loss value for the days before the disaster and the post-catastrophic loss value for the days after the disaster.

If the loss and reappraisal occurs prior to the property owner paying that year's tax bill, then the tax assessor would mail a corrected bill. If the loss and reappraisal occurs after the tax bill has been paid, the property owner would receive a refund from the taxing district. (Original Author's / Sponsor's Statement of Intent)

C.S.S.B. 972 amends current law relating to the reappraisal for ad valorem taxation purposes of real property on which a building completely destroyed by a casualty is located.

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 Subchapter A, Chapter 23, Tax Code, by adding Section 23.025, as follows:

Sec. 23.025. REAPPRAISAL OF PROPERTY DESTROYED BY CASUALTY. (a) Authorizes a property owner (owner) to request the chief appraiser of an appraisal district in which a residence homestead owned and occupied by the property owner is located to reappraise property that is the property owner's residence homestead if a building located on the property is completely destroyed by a casualty. Requires the owner to make the request in writing not later than the 180th day after the occurrence of the casualty.

(b) Requires the chief appraiser to, except as provided by this subsection, reappraise property described by Subsection (a) if requested to do so by the owner. Provides that the chief appraiser is not required to reappraise the property if the governing body of a taxing unit has authorized reappraisal of the same

property under Section 23.02 (Reappraisal of Property Damaged in Disaster Area) as the result of the same casualty.

(c) Requires the Texas comptroller of public accounts (comptroller), in consultation with appraisal districts, to develop guidelines for determining the process for reappraising property under this section, including for determining whether property is completely destroyed by casualty and for calculating an appropriate value of any residence homestead exemption and appraisal cap applied during or after the tax year for which the property is reappraised.

(d) Requires the chief appraiser to complete the reappraisal of property as soon as practicable after a request is made.

(e) Sets forth requirements for the chief appraiser's appraisal records.

(f) Sets forth the formula for calculating the amount of the taxes imposed by a taxing unit on property reappraised under this section for the tax year in which a casualty occurs.

(g) Requires the assessor for each taxing unit to, if property is reappraised under this section, calculate the amount of the tax due on the property as provided by this section. Requires the assessor to, if the property is reappraised after the amount of the tax due on the property is calculated, recalculate the amount of the tax due on the property and correct the tax roll. Requires the assessor to, if the tax bill has been mailed and the tax on the property has not been paid, mail a corrected tax bill to the person in whose name the property is listed on the tax roll or to the person's authorized agent. Requires the tax collector for the taxing unit to, if the tax on the property has been paid, refund to the person who paid the tax the amount by which the payment exceeded the tax due.

SECTION 2. (a) Requires the comptroller, not later than September 1, 2018, to develop guidelines required by Section 23.025, Tax Code, as added by this Act, and to distribute those guidelines to each appraisal district.

SECTION 3. Makes application of this Act prospective.

SECTION 4. Effective date: upon passage or September 1, 2017.