

BILL ANALYSIS

Senate Research Center
86R21124 TJB-F

C.S.S.B. 443
By: Hancock
Property Tax
3/27/2019
Committee Report (Substituted)

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Under Section 11.135 of the Tax Code, a property owner can continue to claim a homestead exemption on a residential structure rendered uninhabitable or unusable by casualty, wind, or water damage for only two years after a natural disaster without physically inhabiting the property. The property owner cannot claim a homestead exemption on a different principal residence and they must intend to return and occupy the replacement structure to continue to qualify for this exemption. Additionally, active construction or physical preparation must begin on-site no later than the first anniversary of the property owner vacating the premise.

Hurricane Harvey victims are facing significant delays in the reconstruction of their homes due to current labor shortages and delays negotiating settlements with insurance companies, putting them at risk of losing their homestead exemptions. For the homeowners over 65, delays also put them at risk of losing their freeze on school taxes. S.B. 443 will extend the two-year limit for claiming homestead exemptions without living on the premises to five years for property located within a disaster area declared by the governor, thus alleviating some of the tax burden on Hurricane Harvey victims during reconstruction. (Original Author's/Sponsor's Statement of Intent)

C.S.S.B. 443 amends current law relating to the period for which a property owner may receive a residence homestead exemption from ad valorem taxation for property that is rendered uninhabitable or unusable as a result of a disaster.

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 11.135, Tax Code, by amending Subsection (a) and adding Subsection (a-1), as follows:

(a) Specifies that the owner of a qualified residential structure, to continue to receive the exemption, is required to begin active construction of the replacement qualified residential structure or other physical preparation of the site on which the structure is to be located not later the first anniversary, or the fifth anniversary for a property described by Subsection (a-1)(1), of the date the owner ceases to occupy the former qualified residential structure as the owner's principal residence.

(a-1) Creates this subsection from existing Subsection (a) and makes nonsubstantive changes. Prohibits an owner from receiving an exemption under Section 11.13 (Residence Homestead), Tax Code, for property under the circumstances described by Subsection (a) for more than:

(1) five years if the property is located in an area declared to be a disaster area by the governor following a disaster and the residential structure located on the property is rendered uninhabitable or unusable as a result of the disaster; or

(2) two years if Subdivision (1) does not apply.

SECTION 2. Effective date: upon passage or September 1, 2019.