

BILL ANALYSIS

Senate Research Center

S.B. 1427
By: Bettencourt
Local Government
5/28/2021
Enrolled

AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Last session H.B. 492 passed and the constitutional amendment was approved by voters to allow for an automatic exemption if property was damaged during a declared disaster. Due to the statewide disaster declaration due to the pandemic, there were efforts made to access this exemption. There are four tiers in Section 11.35, Tax Code; tiers two, three, and four list specific types of physical damage that must occur to qualify for the exemption. Tier one does not list a specific type of damage. Appraisal districts received applications for this exemption when it was clear from reading the entire section of code that it was intended only for physical damage and not economic damage.

An attorney general opinion was requested on the question whether Section 11.35, Tax Code, applied to only physical damage. The opinion stated that Section 11.35, Tax Code, exemptions apply to physical damage sustained during a declared disaster.

S.B. 1427 seeks to remove any doubt that only physical damage exemptions are available under Section 11.35, Tax Code, as originally intended and confirmed in the attorney general opinion.

S.B. 1427 amends current law relating to the applicability of the temporary exemption from ad valorem taxation of a portion of the appraised value of certain property damaged by 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 Sections 11.35(a) and (g), Tax Code, as follows:

(a) Defines "damage" for purposes of Section 11.35 (Temporary Exemption for Qualified Property Damaged by Disaster) to mean physical damage. Makes nonsubstantive changes.

(g) Makes conforming changes to this subsection.

SECTION 2. Provides that the amendment made by this Act is a clarification of existing law and does not imply that existing law is authorized to be construed as inconsistent with the law as amended by this Act.

SECTION 3. Effective date: upon passage or September 1, 2021.