

BILL ANALYSIS

S.B. 835
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Current law seeks to protect Texas homeowners from dramatic property tax increases by capping, for property tax purposes, the amount by which the appraised value of a residence homestead may be annually increased at 10 percent of the appraised value of the property for the preceding tax year. This cap does not apply to new improvements to a property, such as a new structure that increases in size or a new exterior that is of higher quality than the old exterior. Interested parties contend that as a result of this exception, natural disaster victims do not benefit from the protection against a dramatic or unaffordable increase in their property taxes if these homeowners cannot rebuild their homes to the home's original state because of disaster recovery program requirements. The parties note that Texas families with modest means whose homes were heavily damaged by a natural disaster and who are assisted by the state's disaster recovery program may see their property taxes doubled or tripled in a single year. S.B. 835 seeks to protect Texans whose homes were heavily damaged or destroyed by a natural disaster from losing their reconstructed homes because of unaffordable property tax increases.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 835 amends the Tax Code to establish, for purposes of the cap on the appraised value of a residence homestead for property tax purposes, that a replacement structure for a structure rendered uninhabitable or unusable by a casualty or by wind or water damage is not considered to be a new improvement if, in order to satisfy the requirements of the disaster recovery program administered by the General Land Office that is funded with community development block grant disaster recovery money authorized by federal law, it was necessary that the square footage of the replacement structure exceed that of the replaced structure as that structure existed before the applicable casualty or damage occurred or it was necessary that the exterior of the replacement structure be of higher quality construction and composition than that of the replaced structure.

EFFECTIVE DATE

January 1, 2014.