

## **BILL ANALYSIS**

C.S.H.B. 513  
By: Davis, Sarah  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Observers note that although state law authorizes a taxing unit within a declared disaster area to authorize reappraisal of all property damaged in the disaster at its market value immediately after the disaster, not all taxing jurisdictions may elect to reappraise damaged properties in that manner. C.S.H.B. 513 seeks to ensure that homes damaged in a disaster are appraised and taxed fairly by requiring all property estimated to have sustained five percent or greater damage as a result of a disaster to be reappraised at market value immediately after the disaster.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **RULEMAKING AUTHORITY**

It is the committee's opinion that rulemaking authority is expressly granted to the comptroller of public accounts in SECTION 1 of this bill.

### **ANALYSIS**

C.S.H.B. 513 amends the Tax Code to replace the authority of a governing body of a taxing unit that is located partly or entirely inside an area declared a disaster area by the governor to authorize the reappraisal of all property damaged in the disaster at its market value immediately after the disaster with the requirement that the chief appraiser of an appraisal district that appraises property for such a taxing unit reappraise all property that the Federal Emergency Management Agency (FEMA) or its successor agency estimates to have sustained five percent or greater damage as a result of the disaster in that manner. The bill requires that reappraisal to be completed not later than the 45th day after the date the governor declares the area to be a disaster area and authorizes a property owner to refuse to have the owner's property reappraised. The bill requires the chief appraiser, if FEMA or its successor agency does not complete the damage estimates on or before the deadline for completing the reappraisal, to complete the reappraisal as soon as practicable after FEMA's damage estimates are completed. The bill authorizes the comptroller of public accounts to adopt rules to implement and administer provisions regarding the reappraisal of property damaged in a disaster area.

### **EFFECTIVE DATE**

On passage, or, if the bill does not receive the necessary vote, September 1, 2017.

### **COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 513 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 23.02, Tax Code, is amended to read as follows:

Sec. 23.02. REAPPRAISAL OF PROPERTY DAMAGED IN DISASTER AREA. (a) The chief appraiser of an appraisal district that appraises property for ~~[governing body of]~~ a taxing unit that is located partly or entirely inside an area declared to be a disaster area by the governor shall reappraise ~~[may authorize reappraisal of]~~ all property

damaged in the disaster at its market value immediately after the disaster.

(b) The chief appraiser ~~[If a taxing unit authorizes a reappraisal pursuant to this section, the appraisal office]~~ shall complete the reappraisal as soon as practicable.

The chief appraiser ~~[appraisal office]~~ shall include on the appraisal records, in addition to other information required or authorized by law:

- (1) the date of the disaster; and
- (2) the appraised value of the property after the disaster~~;~~ and
- ~~[(3) 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].~~

(c) A taxing unit for which property is reappraised ~~[that authorizes a reappraisal]~~ under this section must pay the appraisal district all the costs of making the reappraisal. If property in the same territory is reappraised for two or more taxing units ~~[provide for the reappraisal in the same~~

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 23.02, Tax Code, is amended to read as follows:

Sec. 23.02. REAPPRAISAL OF PROPERTY DAMAGED IN DISASTER AREA. (a) The chief appraiser of an appraisal district that appraises property for ~~[governing body of]~~ a taxing unit that is located partly or entirely inside an area declared to be a disaster area by the governor shall reappraise ~~[may authorize reappraisal of]~~ 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 ~~[damaged in]~~ the disaster at its market value immediately after the disaster.

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

(b) The chief appraiser ~~[If a taxing unit authorizes a reappraisal pursuant to this section, the appraisal office]~~ shall complete the reappraisal not later than the 45th day after the date the governor declares the area to be a disaster area ~~[as soon as practicable].~~

(b-1) Notwithstanding Subsection (b), 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), the chief appraiser shall complete the reappraisal as soon as practicable after the damage estimates are completed.

(b-2) The chief appraiser ~~[appraisal office]~~ shall include on the appraisal records, in addition to other information required or authorized by law:

- (1) the date of the disaster; and
- (2) the appraised value of the property after the disaster~~;~~ and
- ~~[(3) 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].~~

(c) A taxing unit for which property is reappraised ~~[that authorizes a reappraisal]~~ under this section must pay the appraisal district all the costs of making the reappraisal. If property in the same territory is reappraised for two or more taxing units ~~[provide for the reappraisal in the same~~

~~territory~~], each unit shall 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 [~~providing for reappraisal of that territory~~] imposed in that territory in the preceding year.

(d) If property damaged in a disaster is reappraised for a taxing unit as provided by this section, the governing body of the taxing unit shall provide for prorating the taxes on the property for the year in which the disaster occurred. The [~~If the taxes are~~] prorated[;] taxes due on the property are determined as follows: the taxes on the property based on its value on January 1 of that year are multiplied by a fraction, the denominator of which is 365 and the numerator of which is the number of days before the date the disaster occurred; the taxes on the property based on its reappraised value are multiplied by a fraction, the denominator of which is 365 and the numerator of which is the number of days, including the date the disaster occurred, remaining in the year; and the total of the two amounts is the amount of taxes on the property for the year.

SECTION 2. The change in law made by this Act applies only to the reappraisal of property located in an area that is declared to be a disaster area by the governor on or after the effective date of this Act. The reappraisal of property located in an area that was declared to be a disaster area by the governor before the effective date of this Act is governed by the law as it existed immediately before the effective date of this Act, and that law is continued in effect for that purpose.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.

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(d) If property damaged in a disaster is reappraised for a taxing unit as provided by this section, the governing body of the taxing unit shall provide for prorating the taxes on the property for the year in which the disaster occurred. The [~~If the taxes are~~] prorated[;] taxes due on the property are determined as follows: the taxes on the property based on its value on January 1 of that year are multiplied by a fraction, the denominator of which is 365 and the numerator of which is the number of days before the date the disaster occurred; the taxes on the property based on its reappraised value are multiplied by a fraction, the denominator of which is 365 and the numerator of which is the number of days, including the date the disaster occurred, remaining in the year; and the total of the two amounts is the amount of taxes on the property for the year.

(e) The comptroller may adopt rules to implement and administer this section.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.