

By: Lozano

H.B. No. 2395

A BILL TO BE ENTITLED

AN ACT

1
2 relating to the treatment of a replacement structure for a
3 structure that was rendered uninhabitable or unusable by a casualty
4 or by wind or water damage as a new improvement for ad valorem tax
5 purposes.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

7 SECTION 1. Section 11.26(o), Tax Code, is amended to read as
8 follows:

9 (o) Notwithstanding Subsections (a), (a-3), and (b), an
10 improvement to property that would otherwise constitute an
11 improvement under Subsection (b) is not treated as an improvement
12 under that subsection if the improvement is a replacement structure
13 for a structure that was rendered uninhabitable or unusable by a
14 casualty or by wind or water damage. For purposes of appraising
15 the property in the tax year in which the structure would have
16 constituted an improvement under Subsection (b), the replacement
17 structure is considered to be an improvement under that subsection
18 only if[+]

19 [~~(1)~~] the square footage of the replacement structure
20 exceeds that of the replaced structure as that structure existed
21 before the casualty or damage occurred[~~, or~~

22 [~~(2) the exterior of the replacement structure is of~~
23 ~~higher quality construction and composition than that of the~~
24 ~~replaced structure]~~.

1 SECTION 2. Section 11.261(m), Tax Code, is amended to read
2 as follows:

3 (m) Notwithstanding Subsections (b) and (c), an improvement
4 to property that would otherwise constitute an improvement under
5 Subsection (c) is not treated as an improvement under that
6 subsection if the improvement is a replacement structure for a
7 structure that was rendered uninhabitable or unusable by a casualty
8 or by wind or water damage. For purposes of appraising the
9 property in the tax year in which the structure would have
10 constituted an improvement under Subsection (c), the replacement
11 structure is considered to be an improvement under that subsection
12 only if[+

13 [~~(1)~~] the square footage of the replacement structure
14 exceeds that of the replaced structure as that structure existed
15 before the casualty or damage occurred[~~, or~~

16 [~~(2) the exterior of the replacement structure is of~~
17 ~~higher quality construction and composition than that of the~~
18 ~~replaced structure].~~

19 SECTION 3. Sections 23.23(f) and (g), Tax Code, are amended
20 to read as follows:

21 (f) Notwithstanding Subsections (a) and (e) and except as
22 provided by Subdivision (2), an improvement to property that would
23 otherwise constitute a new improvement is not treated as a new
24 improvement if the improvement is a replacement structure for a
25 structure that was rendered uninhabitable or unusable by a casualty
26 or by wind or water damage. For purposes of appraising the
27 property under Subsection (a) in the tax year in which the structure

1 would have constituted a new improvement:

2 (1) the appraised value the property would have had in
3 the preceding tax year if the casualty or damage had not occurred is
4 considered to be the appraised value of the property for that year,
5 regardless of whether that appraised value exceeds the actual
6 appraised value of the property for that year as limited by
7 Subsection (a); and

8 (2) the replacement structure is considered to be a
9 new improvement only if[+]

10 [~~(A)~~] the square footage of the replacement
11 structure exceeds that of the replaced structure as that structure
12 existed before the casualty or damage occurred[~~+or~~

13 [~~(B) the exterior of the replacement structure is~~
14 ~~of higher quality construction and composition than that of the~~
15 ~~replaced structure].~~

16 (g) In this subsection, "disaster recovery program" means
17 the disaster recovery program administered by the General Land
18 Office that is funded with community development block grant
19 disaster recovery money authorized by the Consolidated Security,
20 Disaster Assistance, and Continuing Appropriations Act, 2009 (Pub.
21 L. No. 110-329), and the Consolidated and Further Continuing
22 Appropriations Act, 2012 (Pub. L. No. 112-55). Notwithstanding
23 Subsection (f)(2), and only to the extent necessary to satisfy the
24 requirements of the disaster recovery program, a replacement
25 structure described by that subdivision is not considered to be a
26 new improvement if to satisfy the requirements of the disaster
27 recovery program it was necessary that[+]

1 ~~[(1)]~~ the square footage of the replacement structure
2 exceed that of the replaced structure as that structure existed
3 before the casualty or damage occurred~~;~~ ~~or~~

4 ~~[(2) the exterior of the replacement structure be of~~
5 ~~higher quality construction and composition than that of the~~
6 ~~replaced structure].~~

7 SECTION 4. This Act applies only to ad valorem taxes imposed
8 for a tax year beginning on or after the effective date of this Act.

9 SECTION 5. This Act takes effect January 1, 2020.