

BILL ANALYSIS

S.B. 1427
By: Bettencourt
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

State law provides for temporary exemption from property taxation of a portion of the appraised value of certain property damaged by a disaster. There are four levels of damage that may be assigned to an item of qualified property. While Levels II, III, and IV make clear that the damage in question is physical damage, Level I is ambiguous. As a result, appraisal districts received applications for this exemption during the COVID-19 pandemic from businesses that had suffered economic loss even though it was clear that the exemption was intended only for physical damage. While an attorney general opinion held that the exemption is applicable only to physical damage sustained during a declared disaster, the statutory text remains vague. S.B. 1427 seeks to remove any such vagueness and clarify that damage must be physical in nature to qualify a property for the temporary property tax exemption.

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 this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 1427 amends the Tax Code to clarify that the damage suffered by a qualified property as a result of a disaster must be physical damage in order for the property's owner to be entitled to receive the temporary property tax exemption for property damaged by a disaster.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2021.