S.B. No. 1427

AN ACT

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.

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

SECTION 1.  Sections 11.35(a) and (g), Tax Code, are amended to read as follows:

(a)  In this section:

(1)  "Damage" means physical damage.

(2)  "Qualified[~~, "qualified~~] property" means property that:

(A) [~~(1)~~]  consists of:

(i) [~~(A)~~]  tangible personal property used for the production of income;

(ii) [~~(B)~~]  an improvement to real property; or

(iii) [~~(C)~~]  a manufactured home as that term is defined by Section 1201.003, Occupations Code, that is used as a dwelling, regardless of whether the owner of the manufactured home elects to treat the manufactured home as real property under Section 1201.2055, Occupations Code;

(B) [~~(2)~~]  is located in an area declared by the governor to be a disaster area following a disaster;

(C) [~~(3)~~]  is at least 15 percent damaged by the disaster, as determined by the chief appraiser under this section; and

(D) [~~(4)~~]  for property described by Paragraph (A)(i) [~~Subdivision (1)(A)~~], is the subject of a rendition statement or property report filed by the property owner under Section 22.01 that demonstrates that the property had taxable situs in the disaster area for the tax year in which the disaster occurred.

(g)  The chief appraiser shall assign to an item of qualified property:

(1)  a Level I damage assessment rating if the property is at least 15 percent, but less than 30 percent, damaged, meaning that the property suffered minimal damage and may continue to be used as intended;

(2)  a Level II damage assessment rating if the property is at least 30 percent, but less than 60 percent, damaged, which, for qualified property described by Subsection (a)(2)(A)(ii) or (iii) [~~(a)(1)(B) or (C)~~], means that the property has suffered only nonstructural damage, including nonstructural damage to the roof, walls, foundation, or mechanical components, and the waterline, if any, is less than 18 inches above the floor;

(3)  a Level III damage assessment rating if the property is at least 60 percent damaged but is not a total loss, which, for qualified property described by Subsection (a)(2)(A)(ii) or (iii) [~~(a)(1)(B) or (C)~~], means that the property has suffered significant structural damage requiring extensive repair due to the failure or partial failure of structural elements, wall elements, or the foundation, or the waterline is at least 18 inches above the floor; or

(4)  a Level IV damage assessment rating if the property is a total loss, meaning that repair of the property is not feasible.

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

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, 2021.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_President of the Senate             Speaker of the House

I hereby certify that S.B. No. 1427 passed the Senate on April 29, 2021, by the following vote:  Yeas 31, Nays 0.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    Secretary of the Senate

I hereby certify that S.B. No. 1427 passed the House on May 25, 2021, by the following vote:  Yeas 139, Nays 3, three present not voting.

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_    Chief Clerk of the House

Approved:\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_             Date\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_           Governor