

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

1 disaster, as determined by the chief appraiser under this section;
2 and

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

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

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

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

22 (3) a Level III damage assessment rating if the
23 property is at least 60 percent damaged but is not a total loss,
24 which, for qualified property described by Subsection
25 (a)(2)(A)(ii) or (iii) [~~(a)(1)(B) or (C)~~], means that the property
26 has suffered significant structural damage requiring extensive
27 repair due to the failure or partial failure of structural

1 elements, wall elements, or the foundation, or the waterline is at
2 least 18 inches above the floor; or

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

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

9 SECTION 3. This Act takes effect immediately if it receives
10 a vote of two-thirds of all the members elected to each house, as
11 provided by Section 39, Article III, Texas Constitution. If this
12 Act does not receive the vote necessary for immediate effect, this
13 Act takes effect September 1, 2021.

S.B. No. 1427

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