

By: Miles

S.B. No. 2131

A BILL TO BE ENTITLED

AN ACT

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

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

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

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

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

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

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

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

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

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

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

(f) Notwithstanding Subsections (a) and (e) and except as provided by Subdivision (2), an improvement to property that would otherwise constitute a new improvement is not treated as a new improvement if the improvement is a replacement structure for a structure that was rendered uninhabitable or unusable by a casualty or by wind or water damage. For purposes of appraising the 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 or by a political subdivision of this state that is funded  
19 with community development block grant disaster recovery money  
20 authorized by federal law. Notwithstanding Subsection (f)(2), and  
21 only to the extent necessary to satisfy the requirements of the  
22 disaster recovery program, a replacement structure described by  
23 that subdivision is not considered to be a new improvement if to  
24 satisfy the requirements of the disaster recovery program it was  
25 necessary that ~~+~~

26 ~~[(1)]~~ the square footage of the replacement structure  
27 exceed that of the replaced structure as that structure existed

1 before the casualty or damage occurred [~~or~~  
2 ~~[(2) the exterior of the replacement structure be of~~  
3 ~~higher quality construction and composition than that of the~~  
4 ~~replaced structure]~~.

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

7 SECTION 5. This Act takes effect January 1, 2024.