

By: Miles

S.B. No. 47

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, a natural disaster, or 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, Tax Code, is amended by amending Subsection (o) and adding Subsection (o-1) to read as follows:

(o) Notwithstanding Subsections (a) 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, a natural disaster declared by the president of the United States or the governor, 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, disaster, or damage occurred; or

(2) the exterior of the replacement structure is of higher quality construction and composition than that of the

replaced structure.

(o-1) Notwithstanding Subsection (o)(2), a replacement structure is not considered to be an improvement if:

(1) the materials used for the construction and composition of the exterior of the replaced structure are no longer available; and

(2) the materials used for the construction and composition of the exterior of the replacement structure are the materials most comparable in quality to the materials used for the exterior of the replaced structure.

SECTION 2. Section 11.261, Tax Code, is amended by amending Subsection (m) and adding Subsection (m-1) 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, a natural disaster declared by the president of the United States or the governor, 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, disaster, or damage occurred; or

(2) the exterior of the replacement structure is of

1 higher quality construction and composition than that of the  
2 replaced structure.

3 (m-1) Notwithstanding Subsection (m)(2), a replacement  
4 structure is not considered to be an improvement if:

5 (1) the materials used for the construction and  
6 composition of the exterior of the replaced structure are no longer  
7 available; and

8 (2) the materials used for the construction and  
9 composition of the exterior of the replacement structure are the  
10 materials most comparable in quality to the materials used for the  
11 exterior of the replaced structure.

12 SECTION 3. Section 23.23, Tax Code, is amended by amending  
13 Subsection (f) and adding Subsection (f-1) to read as follows:

14 (f) Notwithstanding Subsections (a) and (e) and except as  
15 provided by Subdivision (2), an improvement to property that would  
16 otherwise constitute a new improvement is not treated as a new  
17 improvement if the improvement is a replacement structure for a  
18 structure that was rendered uninhabitable or unusable by a  
19 casualty, a natural disaster declared by the president of the  
20 United States or the governor, or ~~by~~ wind or water damage. For  
21 purposes of appraising the property under Subsection (a) in the tax  
22 year in which the structure would have constituted a new  
23 improvement:

24 (1) the appraised value the property would have had in  
25 the preceding tax year if the casualty, disaster, or damage had not  
26 occurred is considered to be the appraised value of the property for  
27 that year, regardless of whether that appraised value exceeds the

1 actual appraised value of the property for that year as limited by  
2 Subsection (a); and

3 (2) the replacement structure is considered to be a  
4 new improvement only if:

5 (A) the square footage of the replacement  
6 structure exceeds that of the replaced structure as that structure  
7 existed before the casualty, disaster, or damage occurred; or

8 (B) the exterior of the replacement structure is  
9 of higher quality construction and composition than that of the  
10 replaced structure.

11 (f-1) Notwithstanding Subsection (f)(2)(B), a replacement  
12 structure is not considered to be an improvement if:

13 (1) the materials used for the construction and  
14 composition of the exterior of the replaced structure are no longer  
15 available; and

16 (2) the materials used for the construction and  
17 composition of the exterior of the replacement structure are the  
18 materials most comparable in quality to the materials used for the  
19 exterior of the replaced structure.

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

22 SECTION 5. This Act takes effect January 1, 2026.