

## **BILL ANALYSIS**

C.S.S.B. 467  
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Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

The bill sponsor has informed the committee that an unexpected, tragic loss of a home through a fire or other casualty is devastating to the affected family and that, in this instance, there is currently no process for a property appraisal if there is a major change in value. C.S.S.B. 467 seeks to address this issue by entitling a person to an exemption from property taxation of a certain amount upon their residence homestead being completely destroyed by a fire and other specified conditions.

### **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**

C.S.S.B. 467 amends the Tax Code to entitle a person to an exemption from taxation by a taxing unit in an amount determined under the bill's provisions of the appraised value of an improvement to the person's residence homestead if the residence homestead meets the following conditions:

- it is completely destroyed by a fire;
- it is a habitable dwelling immediately before the date the fire occurs; and
- it remains uninhabitable for at least 30 days after the date the fire occurs.

The bill establishes that a person is entitled to the exemption only for the tax year in which the fire occurs. The bill establishes that the amount of the exemption is calculated by multiplying the appraised value of the improvement for the tax year in which the fire occurs by a fraction, the denominator of which is 365 and the numerator of which is the number of days remaining in the tax year after the date on which the fire occurs.

C.S.S.B. 467 requires a property owner to submit an application for the exemption to the chief appraiser of the appraisal district in which the improvement that is the subject of the application is located not later than the 180th day after the date the fire occurs. The bill requires the chief appraiser, on receipt of such an application, to determine whether the improvement qualifies for the exemption provided for by the bill's provisions. In determining whether an improvement qualifies for the exemption, the chief appraiser may rely on information provided by any other source the chief appraiser considers appropriate, including a county fire marshal or an insurance adjuster.

C.S.S.B. 467 requires the assessor for each applicable taxing unit, if a person becomes entitled to the exemption after the amount of tax due on the property is calculated and the effect of the qualification is to reduce the amount of the tax due on the property, to recalculate the amount of the tax due on the property and correct the tax roll. The bill requires the assessor, if the tax bill has been mailed and the tax on the property has not been paid, to mail a corrected tax bill to the person in whose name the property is listed on the tax roll or to the person's authorized agent. The bill requires the tax collector for the taxing unit, if the tax on the property has been paid, to refund to the person who paid the tax the amount by which the payment exceeded the tax due.

C.S.S.B. 467 applies only to a property tax year that begins on or after the bill's effective date.

### **EFFECTIVE DATE**

January 1, 2026, if the constitutional amendment to authorize the legislature to provide for a temporary exemption from property taxation of the appraised value of an improvement to a residence homestead that is completely destroyed by a fire is approved by the voters.

### **COMPARISON OF SENATE ENGROSSED AND SUBSTITUTE**

While C.S.S.B. 467 may differ from the engrossed in minor or nonsubstantive ways, the following summarizes the substantial differences between the engrossed and committee substitute versions of the bill.

Both the engrossed and the substitute entitle a person to a temporary exemption from taxation of the appraised value of an improvement to the person's residence homestead if the residence homestead is destroyed by fire. However, whereas the engrossed entitled the person to the exemption if the residence homestead is completely destroyed by a fire, the substitute entitles the person to the exemption if the residence homestead meets the following conditions:

- it is completely destroyed by a fire;
- it is a habitable dwelling immediately before the date the fire occurs; and
- it remains uninhabitable for at least 30 days after the date the fire occurs.

Whereas the engrossed established that the amount of the exemption in a tax year is calculated by multiplying the appraised value of the improvement for that tax year by a certain fraction, the substitute establishes that the amount of the exemption is calculated by multiplying the appraised value of the improvement for the tax year in which the fire occurs by that fraction.

Whereas the engrossed required the chief appraiser, on receipt of an application for the exemption, to determine whether the improvement was completely destroyed by a fire, the substitute instead requires the chief appraiser, on receipt of the application, to determine whether the improvement qualifies for the exemption. Accordingly, the substitute revises the authorization from the engrossed for the chief appraiser to rely on certain information in determining whether an improvement is completely destroyed by a fire by specifying that the chief appraiser may rely on that information to determine whether an improvement qualifies for the exemption.

The substitute revises the provision from the engrossed that required the assessor for each applicable taxing unit, if a person qualifies for the exemption as applicable, to recalculate the amount of the tax due on the property and correct the tax roll by specifying that the assessor is required to do so if the person becomes entitled to the exemption.

The substitute omits the provision of the engrossed requiring the comptroller of public accounts, in consultation with appraisal districts, to develop guidelines for determining whether an improvement is completely destroyed by a fire and to distribute those guidelines to each appraisal district and omits the corresponding procedural provision setting the deadline for such development on September 1, 2026.