

September 21, 2020, Governor Greg Abbott proclaimed a state of disaster due to an imminent threat due to Tropical Storm Beta, authorizing the use of all available resources of state government and political subdivisions necessary to cope with the disaster. Galveston County is one of 29 counties named in the Proclamation (a copy of which is attached).

Section 11.35¹ of the Texas Tax Code provides for a temporary exemption for property owners who are victims of natural disasters. This is the result of HB 492, the enabling legislation that was subject to passage of Proposition 3, a Constitutional Amendment passed November 5, 2019. Prop 3 (*The Constitutional Amendment authorizing the legislature to provide for a temporary exemption from ad valorem taxation of a portion of the appraised value of certain property damaged by a disaster*) passed statewide with 85% of voters in support and in Galveston County with 86.5% of voters supporting passage. Clearly public opinion weighed heavily on the side of potential natural disaster victims.

Section 11.35(c) and (d) provide that in the event a taxing unit adopted a tax rate **before the disaster is declared**, that the governing body must adopt the exemption in the manner provided for by law for official action by the body. **This exemption must be adopted not later than the 60th day after the Governor first declares the territory in the taxing unit to be in the disaster area. I estimate that deadline to be November 20, 2020.** With regard to Galveston County Tax Office partner governments, the exemption is mandatory for the cities of Dickinson, Friendswood, Hitchcock and Jamaica Beach, MUD #12 (Bayou Vista), Water Control Improvement Districts 12 (Kemah Oaks area) and 19 (Hitchcock area). Only the city of La Marque and MUD #44 have responded that no damage is known to have occurred in those communities (any updates will be provided at the November meeting).

It is not expected that there will be a large number of applicants thus little impact on projected revenues, but, for those in need, it will be a tremendous boost during a time when they need it most. In past years, many opposed disaster reappraisal due to both the cost and unknown loss in revenue. Thanks to the efforts of the 86th Legislature, the methodology is clearly defined by 11.335(f) and (g).

Galveston County Chief Appraiser Tommy Watson anticipates no cost associated with review and evaluation of applications (attached) and supporting documents. According to the statute, documentation may be an assessment rating by a county emergency management authority, FEMA or other appropriate source (assumed to be an insurance company or similarly qualified public or private adjuster). As in the past, the exemption will only apply as a prorated percentage for the portion of the year in which the owner was unable to enjoy their property due to the damage (paragraph h). The exemption expires, "...January 1 of the first tax year in which the property is reappraised..." thus long term impact on revenues is not expected. Questions regarding the evaluation by the Chief Appraiser of the application and reappraisal should be addressed to Mr. Tommy Watson (409) 935-1980 (Ext. 406).

¹ Sec. 11.35. TEMPORARY EXEMPTION FOR QUALIFIED PROPERTY DAMAGED BY DISASTER. (a) In this section, "qualified property" means property that: (1) consists of: (A) tangible personal property used for the production of income; (B) an improvement to real property; or (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; (2) is located in an area declared by the governor to be a disaster area following a disaster; (3) is at least 15 percent damaged by the disaster, as determined by the chief appraiser under this section; and (4) for property described by 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.

(b) A person is entitled to an exemption from taxation by a taxing unit of a portion of the appraised value of qualified property that the person owns in an amount determined under Subsection (h).

(c) Notwithstanding Subsection (b), if the governor first declares territory in a taxing unit to be a disaster area as a result of a disaster on or after the date a taxing unit adopts a tax rate for the tax year in which the declaration is issued, a person is not entitled

to the exemption for that tax year unless the governing body of the taxing unit adopts the exemption in the manner provided by law for official action by the body.

(d) An exemption adopted by the governing body of a taxing unit under Subsection (c) must: (1) specify the disaster to which the exemption pertains; and (2) be adopted not later than the 60th day after the date the governor first declares territory in the taxing unit to be a disaster area as a result of the disaster.

(e) A taxing unit the governing body of which adopts an exemption under Subsection (c) shall, not later than the seventh day after the date the governing body adopts the exemption, notify the chief appraiser of each appraisal district in which the taxing unit participates, the assessor for the taxing unit, and the comptroller of the adoption of the exemption.

(f) On receipt of an application for the exemption authorized by this section, the chief appraiser shall determine whether any item of qualified property that is the subject of the application is at least 15 percent damaged by the disaster and assign to each such item of qualified property a damage assessment rating of Level I, Level II, Level III, or Level IV, as appropriate, as provided by Subsection (g). In determining the appropriate damage assessment rating, the chief appraiser may rely on information provided by a county emergency management authority, the Federal Emergency Management Agency, or any other source the chief appraiser considers appropriate.

(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)(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)(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.

(h) Subject to Subsection (i), the amount of the exemption authorized by this section for an item of qualified property is determined by multiplying the appraised value, determined for the tax year in which the disaster occurred, of the property by: (1) 15 percent, if the property is assigned a Level I damage assessment rating; (2) 30 percent, if the property is assigned a Level II damage assessment rating; (3) 60 percent, if the property is assigned a Level III damage assessment rating; or (4) 100 percent, if the property is assigned a Level IV damage assessment rating.

(i) If a person qualifies for the exemption authorized by this section after the beginning of the tax year, the amount of the exemption is calculated by multiplying the amount determined under Subsection (h) 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 day on which the governor first declares the area in which the person's qualified property is located to be a disaster area, including the day on which the governor makes the declaration.

(j) If a person qualifies for the exemption authorized by this section after the amount of the tax due on the qualified property is calculated and the effect of the qualification is to reduce the amount of the tax due on the property, the assessor for each applicable taxing unit shall recalculate the amount of the tax due on the property and correct the tax roll. If the tax bill has been mailed and the tax on the property has not been paid, the assessor shall 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. If the tax on the property has been paid, the tax collector for the taxing unit shall refund to the person who paid the tax the amount by which the payment exceeded the tax due. No interest is due on an amount refunded under this subsection.

(k) The exemption authorized by this section expires as to an item of qualified property on January 1 of the first tax year in which the property is reappraised under Section [25.18](#).

Temporary Exemption Property Damaged by Disaster

Form 50-312

Tax Year

Appraisal District's Name

Appraisal District Account Number (if known)

GENERAL INFORMATION: Property owners use this form to claim a temporary property tax exemption for property in a governor-declared disaster area with at least 15 percent damage. (Tax Code Section 11.35)

FILING INSTRUCTIONS: File this form and all supporting documentation with the appraisal district office in each county where property is located no later than the 105th day after the date the governor declares the area to be a disaster area. **Do not file this document with the Texas Comptroller of Public Accounts.**

SECTION 1: Property Owner Information

Name

Driver's License, Personal I.D. Certificate, or Social Security Number*

Primary Phone Number (area code and number)

Secondary Contact Number (area code and number)

Email Address**

Mailing Address, City, State, ZIP Code

Alternate Mailing Address, City, State, ZIP Code

SECTION 2: Authorized Representative Information

If you are an individual property owner filing this application on your own behalf, skip to Section 3; all other applicants are required to complete Section 2.

Officer of the company General partner of the company Attorney for the company

Agent for tax matters appointed under Tax Code Section 1.111 with completed and signed Form 50-162

Other and explain basis: _____

Name of Authorized Representative

Driver's License, Personal I.D. Certificate, or Social Security Number*

Title of Authorized Representative

Phone Number (area code and number)

Email Address**

Mailing Address, City, State, ZIP Code

SECTION 3: Property Information

Indicate type of property:

Homestead Residential Land Commercial Minerals Agricultural Business Personal Property

Date you purchased this property

Type of Disaster: _____
(As stated in governor's declaration)

Physical Address (i.e. street address, not P.O. Box), City, County, ZIP Code

Manufactured Home Make

Model

ID Number

Number of acres (or fraction of an acre, not to exceed 20 acres) you own and occupy as your principal residence: _____ acres

SECTION 4: Damage Description

- 1. Can the property be repaired? Yes No
- 2. If this is a homestead, do you intend to return? Yes No
- 3. Is any part inhabitable? Yes No

Explain: _____

- 4. If this is a business, do you intend to reopen? Yes No
- 5. Is there structural damage? Yes No

Explain: _____

- 6. Is there non-structural damage only? Yes No

Explain: _____

- 7. Estimated cost to repair: _____ Estimated date repairs begin: _____ Estimated completion date: _____
- 8. Are you still waiting for assistance with cost or repair? Yes No
- 9. How many inches or feet above foundation is the water line? _____

SECTION 5: Additional Documents to be Provided

Attach all documents, inspections, photos, repair estimates, surveys, or other additional information that may be helpful in assessing the property's damage.

SECTION 6: Certification and Signature

If you make a false statement on this form, you could be found guilty of a Class A misdemeanor or a state jail felony under Section 37.10, Penal Code.

I, _____, swear or affirm the following:
Printed Name of Property Owner or Authorized Representative

that each fact contained in this application is true and correct; and that the property described in this application meets the qualifications under Texas law for the exemption claimed.

sign here ➔

Signature of Property Owner or Authorized Representative

Date

FOR APPRAISAL DISTRICT USE	
Date inspected / appraised	
Level of Damage	
Appraiser	
Summary	

* Social security number disclosure may be required for tax administration and identification. (42 U.S.C. §405(c)(2)(C)(i); Tax Code §11.43(f)). A driver's license number, personal identification number or social security number disclosed in an exemption application is confidential and not open to public inspection, except as authorized by Tax Code §11.48(b).
 ** May be confidential under Government Code §552.137.

Important Information

GENERAL INFORMATION: Property owners use this form to claim a temporary property tax exemption for property in a governor-declared disaster area with at least 15 percent damage. (Tax Code Section 11.35)

FILING INSTRUCTIONS: File this form and all supporting documentation with the appraisal district office in each county where property is located and the temporary exemption is requested. **Do not file this document with the Texas Comptroller of Public Accounts.** Contact information for appraisal district offices may be found on the Comptroller's website.

DEADLINE: Application and supporting documentation must be submitted to the appraisal district no later than the 105th day after the date the governor declares the area as a disaster area.