

# **TEMPORARY DISASTER EXEMPTION**

## **Q&A for Winter Storm Uri**

### **What are the qualifications for the exemption?**

Real property, manufactured home used as a dwelling or business personal property used for the production of income (office equipment/supplies/furniture, inventory, raw materials, business vehicles)

Physical damage to the property

Located in a disaster area declared by the governor

Within 105 days of the governor declaring the disaster area (May 28 filing deadline)

At least 15% physical damage by the disaster as determined by the chief appraiser

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 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 sources the chief appraiser considers appropriate such as repair estimates, receipts or photographs.

### **What are the levels of damage?**

There are four levels of damage assessment.

Level 1 is at least 15% physical damage but less than 30%

Level 2 is at least 30% but less than 60%, which includes nonstructural damage to the roof, walls or mechanical components

Level 3 is at least 60% but less than 100% and has had significant structural damage requiring extensive repair.

Level 4 is a total loss, which means that repair of the property is not feasible.

### **How is the amount determined?**

The amount of the exemption is determined by multiplying the appraised value of the structure only for this tax year – 2021 – by the level assigned and the number of days remaining in the tax year after the day the governor first declared the disaster.

(Land is not qualified property and land value is not included in the calculations.)

The appraisal district will look at the repair estimate and divide that by the value of their house (improvement) to see if they would meet the minimum 15% of damage and determine the level of damage assessment that would be applied. That gets pro-rated based on the number of days remaining in the year.

### **How does someone get the exemption?**

The property owner must apply for the exemption by May 28, 2021.

### **How will the property owner know they have received the exemption?**

The chief appraiser must send written notice of the approval, modification or denial to the applicant no later than 5 days after making the determination.

### **Would the repairs increase the value of my property this year?**

We appraise property as of Jan. 1 of each year. Your property was whole at that point. If you do your damage repairs, your property will again be whole when we do our next appraisal on Jan. 1, 2022. So it's not any different unless you make some substantial changes such as adding a new room or swimming pool at the same time.

### **Does insurance coverage get factored into whether I can apply for the disaster exemption?**

You can still claim the exemption even if insurance covered the costs of repair because you still had the damage to your house.

### **What is real property and tangible personal property?**

Real property is defined in the tax code as land or an improvement on the land, such as a building, structure or fence that is affixed to the land. There also are some other definitions that you can find in Section 1.04 of the tax code if you are interested in it.

Tangible personal property is property that is not classified as real property and can be seen, weighed, measured or felt that is used in a business for the production of income, such as raw materials, inventory, office furniture/fixtures/equipment/supplies.

NOTE:

There is another section to this bill that would apply later in the year when the taxing units have already adopted their tax rate. In that case, if a taxing unit has adopted its tax rate, the taxing unit then has to adopt the exemption no later than 60 days after the governor first declares the disaster in that area. The taxing unit then must notify the chief appraiser of their decision within seven days, and the process would proceed as previously described. If the taxing unit does not adopt the exemption, then the property owner is not entitled to the exemption.