

THOUSANDS OF TEXANS COULD BE ELIGIBLE FOR PROPERTY TAX EXEMPTIONS DUE TO 2021 WINTER STORM

Winter Storm Uri struck Texas in February, bringing record cold, snow, and destruction across the state. Experts estimate Uri resulted in more than \$195 billion in damage to Texas business and residential properties, making the storm the most destructive natural disaster in Texas history. However, help for affected Texans comes from an unlikely source: the Texas Tax Code.

The Texas Tax Code allows property owners to qualify for a temporary exemption from property tax levied on qualified property significantly damaged in a state-declared disaster. Governor Greg Abbott declared a disaster for all 254 counties in Texas on February 12, so many Texans may be eligible for a break on their property taxes for 2021 if they file the exemption form before May 28.

PROPERTY TAX EXEMPTION

Property owners may receive a property tax exemption on damaged property if the property is at least 15% damaged and the property is:

- An improvement to real property (including a residence);
- Tangible business property that is used for income production, and for which the owner filed a 2021 rendition; or
- A residential, commercial, industrial, multi-family building, or some kind of manufactured home.

The appraisal district is charged with determining how much of the property was damaged by the disaster. If the district finds the property to be at least 15% damaged, the taxpayer will qualify for a percentage of a temporary property tax exemption. The amount of the exemption will depend on the extent of the damage:

Damage Rating	Damage Assessment	Details	Exemption %
I	15% - 30%	Minimal: may continue to be used as intended	15%
II	30% - 60%	Nonstructural damage and waterline less than 18 inches above floor if flooded	30%
III	60% - <100%	Significant structural damage and waterline greater than 18 inches above floor if flooded	60%
IV	100%	Total loss: repair is not feasible	100%

AMOUNT OF EXEMPTION

The amount of the exemption equals the value of the property before the disaster (excluding the value of the land) multiplied by the exemption percentage determined above and multiplied by the proration factor. The proration factor is the days remaining in the tax year after the disaster was declared divided by 365. Here, Governor Abbott declared Winter Storm Uri a natural disaster on February 12, 2021, so the proration factor equals .88 (322/365).

CLAIMING THE EXEMPTION

Those who qualify for the exemption must file [Form 50-312](#), which asks the property owner to describe the property and the damage it incurred during the disaster. This form must be filed within 105 days of the disaster declaration, which in this case is May 28. The appraisal district will then confirm the damage and determine the exemption percentage. The exemption will expire January 1, 2022.

WE ARE AVAILABLE TO HELP

Thompson & Knight attorneys have significant experience in assisting taxpayers with temporary property tax exemptions on damaged property. If you have any questions about the information contained in this Client Alert, please contact the Thompson & Knight attorney with whom you regularly work or one of the attorneys listed below.

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