

PROTECTING YOUR PROPERTY TAX RIGHTS AFTER HURRICANE HARVEY

Severe flooding, storm surge, and punishing winds from Hurricane Harvey continue to cause widespread property damage across Southeast and Central Texas. Governor Greg Abbott has declared 54 Texas counties disaster areas, including some of the state's most populous counties, such as Harris, Montgomery, and Bexar.¹ Undoubtedly, Harvey's unprecedented destruction will affect property values for many Popp Hutcheson clients. By taking the following steps, property owners can help ensure fair property tax assessments in the wake of the storm, thus preventing further loss.

DEMAND REAPPRAISAL

Texas law allows for reappraisal of property damaged in a disaster area. Tex. Tax Code §23.02. When requested by a city, county, school district, or other taxing unit, an appraisal district must reappraise all property damaged in a disaster if the affected region is declared a disaster area by the Governor. For reappraised property, taxes are prorated for the year. Taxing units assess taxes before the date of the disaster at the property's market value as of January 1, while taxes for the remainder of the year are assessed at the reappraised value. This can result in substantial tax savings.

Unfortunately, reappraisal must be authorized by a taxing unit. It is not something that property owners can compel. Taxing units requesting reappraisal, moreover, must pay all costs involved. These costs and the potential decrease in tax revenue can be a disincentive for taxing units. Accordingly, property owners should contact their elected city council members, county commissioners, and school board representatives to demand reappraisal. Involving state legislators in the call for reappraisal can also be effective. Without the support of taxing units, reappraisal will not occur.

KEEP THE APPRAISAL DISTRICT INFORMED

Information about the extent of damage will help appraisal districts in any reappraisal effort for tax year 2017 and in appraising the property for future tax years. Without this information, appraisal districts will be left to guess whether damage was sustained and, if so, what the extent may be. It is important that detailed records concerning the damage and cost of repair be kept. These records should track the loss at the specific location corresponding to the appraisal district's account number. They need to show the state of the property before and after the disaster, and the actual expenses incurred in remedying the loss. It is particularly important for businesses electing a September 1 inventory appraisal date to be

¹ As of August 28, 2017, Governor Abbott has declared the following counties disaster areas: Aransas, Atascosa, Austin, Bastrop, Bee, Bexar, Brazoria, Brazos, Burlison, Caldwell, Calhoun, Cameron, Chambers, Colorado, Comal, DeWitt, Fayette, Fort Bend, Galveston, Goliad, Gonzales, Grimes, Guadalupe, Hardin, Harris, Jackson, Jasper, Jefferson, Jim Wells, Karnes, Kerr, Kleberg, Lavaca, Lee, Leon, Liberty, Live Oak, Madison, Matagorda, Montgomery, Newton, Nueces, Polk, Refugio, San Jacinto, San Patricio, Tyler, Victoria, Walker, Waller, Washington, Wharton, Willacy, and Wilson.

diligent in recording their loss as of that date. Generally, the more specific and detailed the records, the better they will be in supporting a request for reducing the appraised value.

PREPARE TO PROTEST 2018 VALUES

Considering the extent of unprecedented damage caused by Harvey, it is unrealistic to expect appraisal districts to arrive at accurate appraised values for tax year 2018. Property owners should be prepared to protest their 2018 appraised values armed with records detailing the damage sustained and cost of repair. The protest process will allow further time for appraisal districts to work with property owners in reviewing the scope of damage and in adjusting appraised values accordingly.