

# Texans hit by Harvey losing out on tax break in legislative fiasco

Politics doomed bills requiring reappraisals

By Jeremy Wallace, Houston Chronicle

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AUSTIN - Owners of nearly 300,000 homes damaged by Hurricane Harvey in Texas won't see any break in their property taxes because of political wrangling this year in the state Legislature over completely unrelated issues - including, one Houston Republican says, the bathroom bill.

A property tax reform bill that would have required all local governments to reappraise damaged homes and businesses and lower the tax bills came within a single round of votes on four different occasions. If the mandatory reappraisal proposal had become law, it would have all but assured that the tens of thousands of homes and businesses damaged or destroyed statewide because of Harvey would have received a reduction in property taxes this year.

But it never passed, and according to the state lawmaker who came up with the idea, it's because of the bathroom bill. Rep. Sarah Davis, R-Houston, lays the blame on Lt. Gov. Dan Patrick, who she contends was trying to blackball her bills.

"I have little doubt its slow death in the Senate is because of social issues like the bathroom bill," said Davis, whose district flooded badly during the 2015 Memorial Day storms and the 2016 tax day storms.

Currently, reappraisals after natural disasters are optional for local governments and most are like Harris County and Aransas County in saying they won't do it because they cannot afford it.

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A home in Houston that was valued at \$200,000 before the hurricane, but worth just \$30,000 after, would have seen a \$700 cut just in school taxes, according to the Texas Taxpayers and Research Association, which strongly backed the Davis proposal.

"It was really one of my No. 1 priorities," said Davis, whose original bill would have taken effect Sept. 1.

But that is likely why the bill never cleared the Senate, she said. Davis was a vocal opponent of the so-called bathroom bill that was a top priority in the Texas Senate. That bill became the centerpiece of the war of wills between House and Senate leaders in both the final days of the regular session in May and then again during the special session in August. The bill would have required people to use the bathroom listed on their birth certificate, even if they are transgender. Some business leaders organized opposition to that bill, which stalled in the House, warning it could result in boycotts of Texas because many saw the bill as a form of discrimination against transgender Texans.

"Some House members paid the price," Davis said. "I never supported the bathroom bill nonsense and I was outspoken about it."

### ***One last shot***

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**TRANSLATOR**

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It's not that Davis's bill didn't have broad support in a Legislature that pines to hand out tax cuts. In April, the Davis bill - HB 513 - first passed the full House 148 to 0. A month earlier the Senate passed a similar bill by Sen. Van Taylor, R-Plano, that was filed months after Davis's bill. The Senate passed Taylor's SB 717 by a 31-0 vote.

If the House passed Taylor's version without Davis' name on the bill, it would have gone to Gov. Greg Abbott. Similarly, if the Senate passed the Davis version, it would have been sent to Abbott. Neither chamber budged, and both bills died despite being nearly identical except for the sponsor's name.

But that wasn't the last chance for the idea.

On Aug. 11, two weeks before Harvey made landfall, the House again passed another version of Davis' idea without opposition and sent it to the Senate. That bill would not have been effective until January 2018. Although the special session had five days remaining, the bill never was sent to a committee or voted on in the Senate.

But Davis said the House made yet one last shot, when they amended another property tax

reform bill and included the reappraisal requirement. The Senate, however, voted not to concur on the amended property tax reform proposal. That tax reform plan died after the House ended the special session nearly a full day early and under a hail of criticism from Patrick directed at House leaders for not finishing property tax reforms or the bathroom bill.

Davis said thousands of Texans would have lower tax bills if Patrick had not played political games with her bill.

Patrick did not agree to be interviewed for this story.

But a top aide to Patrick said the bill's failure is on the House. The House had Taylor's bill lined up during the regular spring session and could have passed it and there would have been no need for the Senate to pass the Davis bill, said Sherry Sylvester, a senior advisor to Patrick.

And in the special session, Sylvester said Patrick "had hoped" to add the disaster reappraisal bill onto the bigger property tax bill as an amendment, but the House adjourned early. Patrick never said that publicly himself.

State Rep. Dennis Bonnen, R-Angleton, said he doesn't buy that explanation and says the Senate is guilty of engaging in "fake junior high politics" because they were upset with

Davis. Twenty four bills Davis sponsored passed the House, but the Senate passed only three of those bills during the regular session. It is a clear pattern, said Bonnen, chairman of the House Ways and Means Committee, which has jurisdiction of tax reform policy.

Worse, Bonnen said in the special session, Taylor never filed his bill again, and the Senate didn't lift a finger to try to pass the Davis version.

"It was the only bill that would have provided Texas residents real property tax relief, yet the Senate didn't even try," Bonnen said.

### ***Frustrating reminder***

For supporters of the legislation, the failure of a bill nearly everyone agreed to and one that would have provided some relief to hundreds of thousands of people is a frustrating reminder of a key lesson in politics.

"The process does not always reward good ideas," said Dale Craymer, president of the Texas Taxpayers and Research Association, a non-profit group based in Austin that was one of 13 groups to advocate for the bill during a House committee hearing in March. No group publicly opposed the legislation during the hearing.

Texas law already allows counties, cities and other local governments to reappraise properties after a storm, but few ever do

because of the lost revenues that it could result in and because of how expensive and time consuming the reappraisal process could be during a time governments are trying to finalize their budgets. If governments do the reappraisals, the full cost is on the local governments.

"It's not a very workable solution," Harris County Judge Ed Emmett, a Republican, said about why he has not voluntarily called for the reappraisals in Harris. "It's not that I don't have sympathy for people and what they've lost."

He said the problem is the reappraisals would cost \$10 million in a county as big and urban as Harris County. Plus the county would lose revenue from tax collections at a time it most needs the money to address the natural disaster recovery.

He added that property owners still will get the benefit of the Jan. 1 appraisals for the next year's taxes. That almost certainly will result in lower tax bills for homeowners with damaged properties next year.

Similarly, in Aransas County - where Harvey made landfall as a Category 4 and demolished 36 percent of all homes and businesses - there will be no reappraisal. Aransas County Judge C.H. "Burt" Mills Jr. said there isn't time or money to get it done and said it would only hurt tax revenues at a time when every source of funding the county relies on is in jeopardy.

"All of our income is in the toilet," Mills said of a county that relies heavily on tourists to generate sales taxes and fill rental properties.

Montgomery and Fort Bend counties have taken a different route. Both passed resolutions to do reappraisals for affected areas. Katy ISD and the Katy city council are among other local governments that have requested reappraisals.

Speaking to about 1,300 people in Houston on Tuesday night, Patrick made clear he thinks counties - including Harris - should be deciding on their own to reappraise damaged property.

"I can assure you we're strongly encouraging Harris County to have reappraisals for all of you," Patrick said at the meeting at the St. John Vianney Catholic Church in Houston.

If Harris County and others do refuse, Patrick said "we will pass a law in next session" to make sure they do reappraisals.

### ***'One-trick pony' act***

At that same meeting, State Sen. Paul Bettencourt, R-Houston, said he too will be looking for a way to demand all governments reassess after storms.

"We're going to come up with a statute that's going to make it automatic," he said.



Emmett said he's getting a little tired of both Bettencourt and Patrick and their "one-trick pony" act where they put pressure on county governments to cut taxes when it is really school taxes driving the bulk of people's tax bills. He said if they try to force all counties to reappraise it will be bad policy that will hurt the almost 2 million people that live in unincorporated Harris County.

Davis was not at that meeting, but she said what Patrick and Bettencourt are saying they want publicly is something they already could have made the law of the land but they dropped the ball.

"Without hesitation I can say I will be filing this bill again," Davis said.

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