



Resolution of Support for the Natural Disaster Property Tax Exception

Whereas, following Hurricane Ike, property values plummeted and taxable values for the City of Galveston did not recover to pre-Ike levels for five years;

Whereas, since Hurricane Ike, the Federal Emergency Management Agency (FEMA) has implemented new regulations that reduce the level of federal reimbursement to 75 percent for costs associated with debris removal;

Whereas, if Hurricane Ike were to recur today, instead of FEMA picking up 100 percent of the \$70.4 million cost of debris removal, the City would have to provide approximately 25 percent local match translating into a \$17.6 million cost for the City to bear, an amount that would eradicate the City's fund balance;

Whereas, to ensure communities impacted by a natural disaster can adequately fund recovery efforts and have sufficient time for the restoration of property values, the Galveston Regional Chamber of Commerce Board of Directors adopted a resolution on April 17, 2017, urging members of the Texas Legislature to support restoring the 8 percent rollback rate for communities impacted by a natural disaster until such time the taxable values have recovered to the most recent pre-natural disaster levels;

Whereas, during the 85th and 86th Legislatures, State Senator Larry Taylor proposed an amendment that would restore the 8 percent rollback rate for communities impacted by natural disaster for five (5) years or until such time as the taxable values for the community have recovered to the pre-natural disaster levels, whichever occurred first;

Whereas, S.B. 2 passed the Texas Senate on April 15, 2019, and passed the Texas House of Representatives on May 1, 2019, in which each chamber's version provided an exception to the reduced rollback rate, renamed the voter-approval rate, that would restore the voter-approval rate to the 8 percent cap for communities impacted by a natural disaster for five (5) years or until such time as taxable values for the community have recovered to the pre-natural disaster levels, whichever occurred first;

Whereas, the Texas House and Texas Senate members appointed to the conference committee charged with negotiating differences between the two respective versions of S.B. 2 agreed to a reduced voter approval rate cap of 3.5 percent and reduced the timeframe for the natural

disaster exception for communities impacted by a natural disaster from five (5) years to three (3) years or until property values were restored to the pre-natural disaster event levels, whichever occurred first;

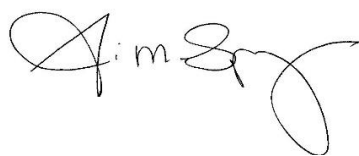
Whereas, after passing the 86th Texas Legislature on May 25, 2019, Governor Greg Abbott signed S.B. 2, the Texas Property Tax Reform and Transparency Act of 2019 into law on June 12, 2019;

Whereas, in January 2021, the Texas House Committee on Ways & Means released the Interim Report to the 87th Legislature in which the report identifies 40 taxing units that used the disaster exception during the COVID-19 pandemic, which caused no physical property damage, and recommends the disaster “exception should be eliminated or restructured to be limited to disasters causing physical property damage within the taxing unit that wants to use the exception.”;

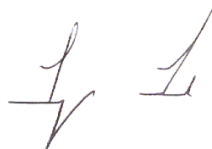
Whereas, the Galveston Regional Chamber of Commerce continues to support an essential disaster exception that was intended for communities impacted by the severe physical damage caused from a natural disaster;

Therefore, be it resolved, the Galveston Regional Chamber of Commerce urges members of the Texas Legislature to consider the size of the community and physical damage caused by the natural disaster can have a profound effect on the timeframe in which property values can recover;

Further be it resolved, to ensure communities impacted by a natural disaster can adequately fund recovery efforts and have sufficient time for the restoration of property values, the Galveston Regional Chamber of Commerce urges members of the Texas Legislature to continue the disaster exception provided in current law that restores the 8 percent voter-approval rate for communities impacted by physical damage due to a natural disaster until such time the taxable values have recovered to the most recent pre-natural disaster levels or for three years, whichever occurs first.



Gina Spagnola
President & CEO



Terrilyn Tarlton-Shannon
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