

By: Middleton

S.B. No. 850

A BILL TO BE ENTITLED

AN ACT

relating to the payment of certain ad valorem tax refunds.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Chapter 1, Tax Code, is amended by adding Section 1.072 to read as follows:

Sec. 1.072. APPLICATION FOR TAX REFUND. A person may but is not required to apply for a refund of taxes due to the person under this title if the amount of the refund is at least \$1.

SECTION 2. Section 11.35(j), Tax Code, is amended to read as follows:

(j) If a person qualifies for the exemption authorized by this section after the amount of the tax due on the qualified property is calculated and the effect of the qualification is to reduce the amount of the tax due on the property, the assessor for each applicable taxing unit shall recalculate the amount of the tax due on the property and correct the tax roll. If the tax bill has been mailed and the tax on the property has not been paid, the assessor shall mail a corrected tax bill to the person in whose name the property is listed on the tax roll or to the person's authorized agent. If the tax on the property has been paid, the tax collector for the taxing unit shall refund to the person who paid the tax the amount by which the payment exceeded the tax due. ~~[No interest is due on an amount refunded under this subsection.]~~

SECTION 3. Section 11.431(b), Tax Code, is amended to read

as follows:

(b) If a late application is approved after approval of the appraisal records by the appraisal review board, the chief appraiser shall notify the collector for each taxing unit in which the residence is located not later than the 30th day after the date the late application is approved. The collector shall deduct from the person's tax bill the amount of tax imposed on the exempted amount if the tax has not been paid. If the tax has been paid, the collector shall refund to the person who was the owner of the property on the date the tax was paid the amount of tax imposed on the exempted amount. ~~[The collector shall pay the refund not later than the 60th day after the date the chief appraiser notifies the collector of the approval of the exemption.]~~ A person is not required to apply for a refund under this subsection to receive the refund.

SECTION 4. Section [11.438](#)(c), Tax Code, is amended to read as follows:

(c) If a late application is approved after approval of the appraisal records for a year for which the exemption is granted, the chief appraiser shall notify the collector for each taxing unit in which the property was taxable in that year. The collector shall deduct from the organization's tax bill the amount of tax imposed on the property for that year and any penalties and interest relating to that tax if the tax and related penalties and interest have not been paid. If the tax and related penalties and interest on the property for a tax year for which an exemption is granted under this section were paid under protest, the collector shall ~~[organization~~

1 ~~is eligible for a~~ refund to the organization ~~[of]~~ the tax,
2 penalties, and interest paid ~~[as provided by Section 31.11. The~~
3 ~~deadline prescribed by Section 31.11(c) for applying for a refund~~
4 ~~does not apply to a refund under this section].~~

5 SECTION 5. Section 11.439(b), Tax Code, is amended to read
6 as follows:

7 (b) If a late application is approved after approval of the
8 appraisal records for the year for which the exemption is granted,
9 the chief appraiser shall notify the collector for each taxing unit
10 in which the property was taxable in that year not later than the
11 30th day after the date the late application is approved. The
12 collector shall correct the taxing unit's tax roll to reflect the
13 amount of tax imposed on the property after applying the exemption
14 and shall deduct from the person's tax bill the amount of tax
15 imposed on the exempted portion of the property for that year. If
16 the tax and any related penalties and interest have been paid, the
17 collector shall pay to the person who was the owner of the property
18 on the date the tax was paid a refund of the tax imposed on the
19 exempted portion of the property and the corresponding portion of
20 any related penalties and interest paid. ~~[The collector shall pay~~
21 ~~the refund not later than the 60th day after the date the chief~~
22 ~~appraiser notifies the collector of the approval of the exemption.]~~

23 SECTION 6. Section 31.071, Tax Code, is amended by amending
24 Subsection (c) and adding Subsection (d) to read as follows:

25 (c) If the property is no longer subject to a challenge,
26 protest, or appeal at any time before the delinquency date, the
27 collector shall apply the amount paid by the property owner under

1 this section to the tax imposed on the property and shall refund the
2 remainder, if any, to the property owner in accordance with Section
3 31.12.

4 (d) If the property is still subject to an appeal on the last
5 working day before the delinquency date, or at an earlier date if so
6 requested by the property owner, the collector shall apply the
7 amount paid under this section to the payment required by Section
8 42.08(b) ~~[of this code]~~ and shall retain the remainder, if any,
9 until the appeal is completed. When the appeal is completed, the
10 collector shall apply any amount retained under this subsection
11 ~~[section]~~ to the tax ultimately imposed on the property that is not
12 covered by the payment under Section 42.08(b) and shall refund the
13 remainder, if any, to the property owner. The collector shall make
14 the refund not later than the 60th day after the date the appeal is
15 completed. If the collector does not make the refund within the
16 period required by this subsection, the collector shall include
17 with the refund interest on the amount refunded at an annual rate of
18 12 percent, calculated from the delinquency date for the taxes
19 being refunded until the date the refund is made.

20 SECTION 7. Section 31.072(g), Tax Code, is amended to read
21 as follows:

22 (g) When the tax bill is prepared for property for which an
23 escrow account is established, the collector shall apply the money
24 in the account to the taxes imposed and deliver a tax receipt to the
25 taxpayer together with a refund of any amount in the account in
26 excess of the amount of taxes paid. The collector shall issue the
27 refund to the taxpayer not later than the 60th day after the date

1 the collector determines that the amount of money in the escrow
2 account exceeds the amount of taxes imposed. If the amount in the
3 escrow account is not sufficient to pay the taxes in full, the
4 collector shall apply the money to the taxes and deliver to the
5 taxpayer a tax receipt for the partial payment and a tax bill for
6 the unpaid amount. If the escrow account applies to more than one
7 taxing unit or to more than one item of property, the collector
8 shall apply the amount to each taxing unit or item of property in
9 proportion to the amount of taxes imposed unless the contract
10 provides otherwise.

11 SECTION 8. Section 31.11, Tax Code, is amended by amending
12 Subsections (a), (b), (c), (f), (g), and (k) and adding Subsections
13 (a-1) and (a-2) to read as follows:

14 (a) If a taxpayer submits a tax payment that exceeds by \$1 or
15 more the amount of taxes the taxpayer owes for a tax year to a taxing
16 unit, the collector for the taxing unit shall refund the amount of
17 the erroneous or excessive payment to the taxpayer after the
18 collector determines the payment was erroneous or excessive if the
19 auditor for the taxing unit agrees with the collector's
20 determination.

21 (a-1) If a taxpayer submits a tax payment that exceeds by
22 less than \$1 the amount of taxes the taxpayer owes for a tax year to
23 a taxing unit and the taxpayer applies to the [tax] collector for
24 the [of a] taxing unit for a refund of the [an overpayment or]
25 erroneous or excessive payment [of taxes], the collector for the
26 taxing unit shall refund the amount of the erroneous or excessive
27 payment to the taxpayer after the collector determines that the

payment was erroneous or excessive if~~[, and]~~ the auditor for the taxing unit agrees with the collector's determination.

(a-2) The~~[, the]~~ collector for a taxing unit shall make a refund under Subsection (a) or (a-1) using ~~[the amount of the excessive or erroneous payment from]~~ available current tax collections or money ~~[from funds]~~ appropriated by the taxing unit for the purpose of making refunds. ~~[However, the collector may not make the refund unless:~~

~~[(1) in the case of a collector who collects taxes for one taxing unit, the governing body of the taxing unit also determines that the payment was erroneous or excessive and approves the refund if the amount of the refund exceeds:~~

~~[(A) \$5,000 for a refund to be paid by a county with a population of 2.5 million or more, or~~

~~[(B) \$500 for a refund to be paid by any other taxing unit, or~~

~~[(2) in the case of a collector who collects taxes for more than one taxing unit, the governing body of the taxing unit that employs the collector also determines that the payment was erroneous or excessive and approves the refund if the amount of the refund exceeds:~~

~~[(A) \$5,000 for a refund to be paid by a county with a population of 2.5 million or more, or~~

~~[(B) \$2,500 for a refund to be paid by any other taxing unit.]~~

(b) Notwithstanding Subsections (a) and (a-1), a [A] taxing unit that determines a taxpayer is delinquent in ad valorem tax

1 payments on property other than the property for which liability
2 for a refund arises or for a tax year other than the tax year for
3 which liability for a refund arises may apply the amount of an
4 overpayment or erroneous payment to the payment of the delinquent
5 taxes if the taxpayer was the sole owner of the property:

6 (1) for which the refund is sought on January 1 of the
7 tax year in which the taxes that were overpaid or erroneously paid
8 were assessed; and

9 (2) on which the taxes are delinquent on January 1 of
10 the tax year for which the delinquent taxes were assessed.

11 (c) Except as provided by Subsection (c-1), an application
12 for a refund must be made within three years after the date of the
13 payment or the taxpayer waives the right to the refund. A taxpayer
14 may apply for a refund by filing:

15 (1) an application on a form prescribed by the
16 comptroller by rule; or

17 (2) a written request that includes information
18 sufficient to enable the collector and the auditor for the taxing
19 unit [~~and, if applicable, the governing body of the taxing unit~~] to
20 determine whether the taxpayer is entitled to the refund.

21 (f) This subsection applies only to an application for a
22 refund that is filed with the collector for a taxing unit after the
23 deadline for filing the application is extended [~~is required to be~~
24 ~~approved~~] by the governing body of the [~~a~~] taxing unit under
25 Subsection (c-1). The presiding officer of the governing body of
26 the taxing unit is not required to sign the application for the
27 refund or any document accompanying the application to indicate the

governing body's approval or disapproval of the extension of the deadline prescribed by Subsection (c) as it relates to the application ~~[refund]~~. The collector for the taxing unit shall indicate on the application whether the governing body approved or disapproved the extension of the deadline ~~[the refund]~~ and the date of the approval or disapproval.

(g) If a taxpayer submits a payment of taxes that exceeds ~~[by \$5 or more]~~ the amount of taxes owed for a tax year to a taxing unit, the collector for the taxing unit, without charge, shall mail to the taxpayer or the taxpayer's representative a written notice of the amount of the overpayment. If the amount of the overpayment is at least \$1, the notice must state that the taxpayer is not required to apply for the refund. If the amount of the overpayment is less than \$1, the notice must state that the taxpayer is required to apply for the refund and the collector shall include with the notice ~~[accompanied by]~~ a refund application form.

(k) A ~~[Not later than the 60th day after the date the collector for a taxing unit denies an application for a refund, the]~~ taxpayer may file suit against a ~~[the]~~ taxing unit in district court to compel the payment of a ~~[the]~~ refund. If the collector for the taxing unit collects taxes for more than one taxing unit, the taxpayer shall join in the suit each taxing unit on behalf of which the collector denied the refund. For a refund for which a taxpayer is not required to file an application, the suit must be filed not later than the 60th day after the date the taxpayer receives the notice required by Subsection (g). For a refund for which a taxpayer is required to file an application, the suit must be filed

1 not later than the 60th day after the date the collector for the
2 taxing unit denies the application for the refund. If the taxpayer
3 prevails in the suit, the taxpayer may be awarded:

4 (1) costs of court; and

5 (2) reasonable attorney's fees in an amount not to
6 exceed the greater of:

7 (A) \$1,500; or

8 (B) 30 percent of the total amount of the refund
9 determined by the court to be due.

10 SECTION 9. Sections 31.112(d) and (e), Tax Code, are
11 amended to read as follows:

12 (d) If a dispute or error described by Section 72.010(c),
13 Local Government Code, is resolved by the agreement of the taxing
14 units, a refund required by Subsection (c)(3) of this section must
15 be made in accordance with Section 31.12 ~~[not later than the 90th~~
16 ~~day after the date on which the agreement is made]~~.

17 (e) If a dispute or error described by Section 72.010(c),
18 Local Government Code, is not resolved by the agreement of the
19 taxing units and the supreme court enters a final order in a suit
20 under Section 72.010, Local Government Code, determining the amount
21 of taxes owed on the property and the taxing unit or units to which
22 the taxes are owed, a refund required as a result of the order must
23 be made not later than the 60th ~~[180th]~~ day after the date the order
24 is entered. If the taxing unit does not make the refund within the
25 period required by this subsection, the taxing unit shall include
26 with the refund interest on the amount refunded at an annual rate of
27 12 percent, calculated from the delinquency date for the taxes

being refunded until the date the refund is made.

SECTION 10. Section 31.12, Tax Code, is amended to read as follows:

Sec. 31.12. PAYMENT OF CERTAIN TAX REFUNDS; INTEREST. (a) A [If a] refund of a tax provided by Section 11.35(j), 11.431(b), 11.436(b), 11.438(c), 11.439(b), 23.1243(d), 23.48(d), 23.60(d), 26.05(e), 26.07(g), 26.075(k), 26.08(d-2), 26.1115(c), 26.112(b), 26.1125(b), 26.1127(b), 26.15(f), 31.061(e), 31.071(c), 31.11, 31.111, or 31.112(c)(3) must be paid not later than the 60th day after the date the liability for the refund arises as determined under this section.

(b) If a refund to which this section applies [31.112] is paid in accordance with Subsection (a) [on or before the 60th day after the date the liability for the refund arises], no interest is due on the amount refunded. If the refund is not paid in accordance with Subsection (a) [on or before that 60th day], the amount of the tax to be refunded accrues interest at an annual [a] rate of 12 [one] percent, calculated from the date on which the liability for the refund arises until [for each month or part of a month that] the date the refund is paid [unpaid, beginning with the date on which the liability for the refund arises].

(c) [4b] For purposes of this section, liability for a refund arises:

(1) if the refund is required by Section 11.35(j), on the date the collector for the taxing unit learns the refund is required;

(2) if the refund is required by Section 11.431(b),

1 11.436(b), 11.438(c), or 11.439(b), on the date the chief appraiser
2 notifies the collector for the taxing unit of the approval of the
3 applicable ~~[late homestead]~~ exemption;

4 (3) if the refund is required by Section 23.1243(d),
5 on the date the chief appraiser notifies the collector for the
6 taxing unit of the amount of tax to be refunded;

7 (4) if the refund is required by Section 23.48(d),
8 23.60(d), 26.1115(c), 26.112(b), 26.1125(b), or 26.1127(b), on the
9 date the assessor notifies the collector for the taxing unit of the
10 decrease in the person's tax liability;

11 (5) if the refund is required by Section 26.05(e), on
12 the date the action to enjoin the collection of taxes imposed by the
13 taxing unit is finally determined;

14 (6) ~~(2)~~ if the refund is required by Section
15 26.07(g), ~~or~~ 26.075(k), or 26.08(d-2), on the date the assessor
16 for the taxing unit mails the corrected tax bills under Section
17 26.07(f), 26.075(j), or 26.08(d-1) ~~[results of the election to~~
18 ~~approve or reduce the tax rate]~~, as applicable~~[, are certified]~~;

19 (7) ~~(3)~~ if the refund is required by Section
20 26.15(f):

21 (A) for a correction to the tax roll made under
22 Section 26.15(b), on the date the change in the tax roll is
23 certified to the assessor for the taxing unit under Section 25.25;
24 or

25 (B) for a correction to the tax roll made under
26 Section 26.15(c), on the date the change in the tax roll is ordered
27 by the governing body of the taxing unit;

(8) if the refund is required by Section 31.061(e), on the date the taxing unit determines that the amount credited under Section 31.061(d) exceeds the amount due to the taxing unit;

(9) if the refund is required by Section 31.071(c), on the date the challenge, protest, or appeal is finally determined;

(10) [(4)] if the refund is required by Section 31.11, on the date the auditor for the taxing unit determines that the payment was erroneous or excessive [or, if the amount of the refund exceeds the applicable amount specified by Section 31.11(a), on the date the governing body of the taxing unit approves the refund];

(11) [(5)] if the refund is required by Section 31.111, on the date the collector for the taxing unit determines that the payment was erroneous; or

(12) [(6)] if the refund is required by Section 31.112(c)(3) [31.112], on the date the agreement described by Section 31.112(c) is made [required by Section 31.112(d) or (e), as applicable.

[(c) This section does not apply to a refund in an amount less than \$5].

SECTION 11. Section 41A.10(a), Tax Code, is amended to read as follows:

(a) The pendency of an appeal under this chapter does not affect the delinquency date for the taxes on the property subject to the appeal. Except for a property owner who has elected to defer the collection of taxes under Section 33.06 or 33.065 on the property subject to the appeal and for which the deferral is still in effect, a property owner who appeals an appraisal review board

1 order under this chapter shall pay taxes on the property subject to
 2 the appeal in an amount equal to the amount of taxes due on the
 3 portion of the taxable value of the property that is not in dispute.
 4 If the final determination of an appeal under this chapter
 5 decreases the property owner's tax liability to less than the
 6 amount of taxes paid, the taxing unit shall refund to the property
 7 owner the difference between the amount of taxes paid and the amount
 8 of taxes for which the property owner is liable. The collector for
 9 the taxing unit shall make the refund not later than the 60th day
 10 after the date of the final determination of the appeal. If the
 11 collector does not make the refund within the period required by
 12 this subsection, the collector shall include with the refund
 13 interest on the amount refunded at an annual rate of 12 percent,
 14 calculated from the delinquency date for the taxes being refunded
 15 until the date the refund is made.

16 SECTION 12. Sections 42.43(b), (c), (d), and (f), Tax Code,
 17 are amended to read as follows:

18 (b) For a refund made under this section, the taxing unit
 19 shall include with the refund interest on the amount refunded
 20 calculated at an annual rate of 9.5 percent, calculated from the
 21 delinquency date for the taxes until the date the refund is made. A
 22 property owner may waive the interest required by this subsection.

23 (c) Notwithstanding Subsection (b), if a taxing unit does
 24 not make a refund, including any interest, required by this section
 25 before the 60th day after the date of the final determination of the
 26 appeal to which the refund relates [~~the chief appraiser certifies a~~
 27 ~~correction to the appraisal roll under Section 42.41~~], the taxing

unit shall include with the refund interest on the amount refunded at an annual rate of 12 percent, calculated from the delinquency date for the taxes until the date the refund is made. A refund is not considered made under this section until sent to the proper person as provided by this section.

(d) A property owner who prevails in a suit to compel a refund, including interest, required by this section that is filed on or after the 60th ~~[180th]~~ day after the date of the final determination of the appeal to which the refund relates ~~[the chief appraiser certifies a correction to the appraisal roll]~~ is entitled to court costs and reasonable attorney's fees.

(f) The final judgment in an appeal under this chapter:

(1) may designate to whom and where a refund is to be sent; and

(2) may not require the property owner to file a form with the Internal Revenue Service as a prerequisite to the issuance of a refund unless the form is required under federal law.

SECTION 13. Section [2003.913](#)(a), Government Code, is amended to read as follows:

(a) The pendency of an appeal to the office does not affect the delinquency date for the taxes on the property subject to the appeal. A property owner who appeals an appraisal review board order to the office shall pay taxes on the property subject to the appeal in an amount equal to the amount of taxes due on the portion of the taxable value of the property that is not in dispute. If the final determination of the appeal decreases the property owner's tax liability to an amount less than the amount of taxes paid, each

1 taxing unit shall refund to the property owner the difference
2 between the amount of taxes paid and the amount of taxes for which
3 the property owner is liable. The taxing unit shall make the refund
4 not later than the 60th day after the date of the final
5 determination of the appeal. If the taxing unit does not make the
6 refund within the period required by this subsection, the taxing
7 unit shall include with the refund interest on the amount refunded
8 at an annual rate of 12 percent, calculated from the delinquency
9 date for the taxes being refunded until the date the refund is made.

10 SECTION 14. Sections 31.11(d) and (i), Tax Code, are
11 repealed.

12 SECTION 15. The changes in law made by this Act apply only
13 to an ad valorem tax refund the liability for which arises on or
14 after the effective date of this Act.

15 SECTION 16. This Act takes effect September 1, 2025.