

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 9, 2003

TO: Honorable Fred Hill, Chair, House Committee on Local Government Ways and Means

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1951 by Hill (Relating to the collection of and the penalties incurred on delinquent ad valorem taxes.), **As Introduced**

No fiscal implication to the State is anticipated.

This bill would allow a taxing unit or appraisal district to contract with an attorney or other person for collection of delinquent property taxes. The bill would delete the requirement that a taxing unit or appraisal district contract with an attorney for collection of delinquent property taxes. It would also require the taxing unit or appraisal district to retain the additional penalty in excess of the compensation agreed upon with the contracted person. Since collection of delinquent taxes do not impact taxable property values, no impact to the State is anticipated.

Local Government Impact

If units of local government diverted funds from delinquent property tax collection efforts, it could result in a short-term increase in funds. However, a pattern of decreased collection efforts could create a risk of lower tax collection rates, and lower revenues for units of local government could result over the long term.

Offsetting these potential reductions in revenue would be possible savings because of greater competition in the collections field and requirements in the bill that the amount of the additional penalty exceeding the compensation specified in the collection contract be retained by the taxing unit or appraisal district.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JK, SD, WP, DLBe, KG