

BILL ANALYSIS

C.S.H.B. 1976
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law, the governing body of a taxing unit that collects its own taxes, may adopt a split-payment method by which an individual taxpayer has the option of paying one-half of the unit's taxes before December 1 and pay the remaining one-half of the taxes without penalty or interest before July 1 of the following year.

However, if the split-payment option is adopted, it must apply to taxes for all units for which the adopting taxing unit collects taxes, whether residential, commercial or industrial. Some taxing units experience a serious interruption of cash flow that prevents them from operating as efficiently, if the split-payment option is adopted.

C.S.H.B. 1976 amends the Texas Tax Code to allow the split-payment option be applicable only to the taxes collected by Galveston County that are imposed on residence homesteads, preventing any possible cash flow interruption to commercial or industrial taxing units.

C.S.H.B 1976 provides an exception to the split-payment option, by amending the Texas Tax Code to allow the governing body of a taxing unit that has its taxes collected by another taxing unit, that has adopted the split-payment option, that the split-payment option does not apply to the taxing unit's taxes collected by the other taxing unit.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency or institution.

ANALYSIS

SECTION 1: Amends Section 31.03 of the Tax Code by amending Subsection (b) to provide an exception to the split-payment option applicable to taxes for all units for which the adopting taxing unit collects taxes.

Subsection (d) is added to allow the governing body of a taxing unit that has its taxes collected by another taxing unit, that has adopted the split-payment option, that the split-payment option does not apply to the taxing unit's taxes collected by the other taxing unit.

SECTION 2: Effective Date: Immediately if required vote by each house is received. Otherwise, the Act takes effect September 1, 2007.

EFFECTIVE DATE

For immediate effect, the Act requires a vote of two-thirds by each house. Otherwise, the Act takes effect September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

C.S.H.B. 1976 differs from the bill as originally filed by allowing the governing body of a taxing unit that has its taxes collected by another taxing unit, to opt out of the split-payment option without affecting other taxing units whose taxes are being collected by the adopting taxing unit. Whereas, H.B. 1976 allowed the split-payment option to be applicable to the taxes collected by Galveston County that are imposed on residence homesteads, preventing commercial or industrial taxing units from utilizing the option.

C.S.H.B. 1976 80(R)

