

BILL ANALYSIS

C.S.H.B. 2327
By: Coleman
Local Government Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law, a county is not required to establish an escrow account for property taxes imposed on a residence homestead.

When a homeowner has a mortgage, an escrow account is established through their bank. However, after the mortgage is paid off, they no longer have an escrow account and must pay their property taxes in one lump sum.

CSHB 2327 requires a tax collector to enter into a contract to establish an escrow account for residence homestead upon request of the taxpayer.

RULEMAKING AUTHORITY

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

ANALYSIS

Amends section 25.19, Tax Code, to require the chief appraiser to send a statement of the provisions of Section 31.072, including the changes in law made by this Act, with the appropriate written notices currently required by law to property owners affected by changes of this Act.

Amends section 31.01, Tax Code, to require the assessor to send a statement of the provisions of Section 31.072, including the changes in law made by this Act, with a tax bill or separate statement in the case of a residence homestead.

Amends section 31.072, Tax Code, to require the collector, upon request of the property owner, to enter into a contract for the payment of taxes if the escrow account is to be used solely to pay for a residence homestead. This section also requires the account to be continued in the event that the amount in the account is greater than the amount of taxes paid, and requires the collector to deliver a tax receipt to the taxpayer with a written statement of the amount remaining in the account.

SECTION 4. States the effective date.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The Committee Substitute differs from the original bill in that it removes Section 1, which required the chief appraiser to send a statement of the provisions of Section 31.072, including the changes in law made by this Act, with the appropriate written notices currently required by law to property owners affected by changes of this Act. Also, the committee substitute provides that a collector shall retain any interest generated by the escrow account to defray the costs of administration of the escrow account. Finally, the committee substitute makes technical changes to clarify that, upon request of the property owner, the collector must only enter into a contract to create an escrow account for the payment of ad valorem taxes on a residence homestead.