

BILL ANALYSIS

C.S.S.B. 796
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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.

If the split-payment option is adopted, some taxing units may experience a serious interruption of cash flow that prevents them from operating as efficiently. C.S.S.B 796 allows the governing body of a taxing unit that has its taxes collected by another taxing unit that has adopted the split-payment option to provide in the manner required by law for official action by the body, 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

The bill amends Section 31.03, 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.

The bill amends Section 31.03, Tax Code, by adding Subsection (d) 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 may provide, in the manner required by law for official action by the body, that the split-payment option does not apply to the taxing unit's taxes collected by the other taxing unit.

The bill takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If the bill does not receive the vote necessary for immediate effect, this bill takes effect September 1, 2007.

EFFECTIVE DATE

The bill takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If the bill does not receive the vote necessary for immediate effect, this bill takes effect September 1, 2007.

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute differs from the original bill 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.

The original bill amended Subsection (a) of Section 31.03, Tax Code, to state that the governing body of a taxing unit that collects its own taxes to provide, in the manner required by law for official action by the body, that a person who pays one-half of the unit's taxes, other than taxes

on the person's residential homestead, before December 1 may pay the remaining one-half of the taxes without penalty or interest before July 1 of the following year.

The original bill provided that the split-payment option described by Subsection (a), if adopted, applied to taxes, other than taxes on residential homesteads, for all units for which the adopting taxing unit collects taxes.

The original bill added Subsection (d) to Section 31.03, Tax Code, to state that the governing body of a taxing unit that collects its own taxes may provide, in the manner provided by law for official action by the body, that a person who pays one-half of the unit's taxes on the person's residential homestead before December 1 may pay the remaining one-half of the taxes without penalty or interest before July 1 of the following year.

The original bill provided that the split-payment option for residential homesteads applied to taxes for all residential homesteads for which the adopting taxing unit collected taxes.

The original bill defined "residential homestead".