

BILL ANALYSIS

C.S.H.B. 1257
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Current law authorizes an owner of a residence homestead damaged by a natural disaster and located in a declared disaster area to pay the property taxes on that property in four installments. However, an owner of a damaged business property in a declared disaster area is not afforded the same option. Many businesses in the Texas Gulf Coast region that sustained damage during Hurricane Ike are unable to pay their property taxes in one payment because they have had the additional financial burden of restoring the business to its pre-disaster condition.

C.S.H.B. 1257 authorizes a disaster-damaged business entity with gross receipts for the 2009 tax year of \$5 million or less, and in subsequent years an adjusted limit determined by the comptroller of public accounts, to pay the entity's property taxes in four installments over the course of a year.

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

C.S.H.B. 1257 amends the Tax Code to include real property that is owned or leased by a business entity that had not more than the amount calculated as provided below in gross receipts in the entity's most recent federal tax year or state franchise tax annual period, according to the entity's applicable federal income tax return or state franchise tax report, and that is located in a disaster area and damaged as a direct result of the disaster, and tangible personal property owned or leased by such an entity in the types of property for which the property owner may make installment payments of property taxes imposed by a taxing unit before the first anniversary of the disaster.

C.S.H.B. 1257 establishes that the limit on gross receipts for an entity to be eligible to pay its property taxes in installments as described above is \$5 million for the 2009 tax year. The bill requires the comptroller of public accounts, for each subsequent year, to adjust the limit to reflect inflation by using the index that the comptroller considers to most accurately report changes in the purchasing power of the dollar for consumers in Texas and to publicize the adjusted limit. The bill requires a taxing unit's property tax collector to use the adjusted limit as calculated by the comptroller to determine whether property is owned or leased by a business entity for purposes of the entity's eligibility to pay its property taxes in installments under these provisions.

EFFECTIVE DATE

On passage, or, if the act does not receive the necessary vote, the act takes effect September 1, 2009.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 1257 differs from the original by applying the \$5 million limit on gross receipts to the 2009 tax year and adding provisions not in the original establishing an adjusted limit on gross receipts for each subsequent tax year and requiring a collector to use the adjusted limit.