

BILL ANALYSIS

C.S.H.B. 1283
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under current law, only property taxes on residential homesteads and residential properties with less than five units can be paid in installments after a natural disaster. The entire community is impacted after a disaster, and revitalizing the local economy is essential for recovery. An essential component to this recovery is assisting businesses in meeting their obligations and in rebuilding so that these businesses can remain open to provide jobs and to revitalize impacted areas.

C.S.H.B. 1283 allows property taxes to be paid in installments on any real property that is located in a disaster area and has been damaged as a direct result of the disaster, with certain conditions on property that is owned or leased by a business entity.

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. 1283 amends the Tax Code to allow property taxes to be paid in installments on any real property, rather than only certain residence homesteads, that is located in a disaster area, has been damaged as a direct result of the disaster, and, if the property is owned or leased by a business entity, had not more than the statutory limit in gross receipts in the entity's most recent federal tax year or state franchise tax annual period according to the applicable federal income tax return or state franchise tax report of the entity. The bill establishes that, for the 2009 tax year, that limit on gross receipts is \$5 million and, for each subsequent tax year, requires the comptroller of public accounts 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 each collector to use the adjusted limit as calculated by the comptroller to determine whether property is owned or leased by a business entity that does not exceed the statutory limit on gross receipts. The bill reduces the penalty for failing to make an installment payment before the applicable date from 12 percent to six percent of the unpaid amount, in addition to the interest imposed for a delinquent tax.

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. 1283 adds provisions not in the original relating to a property that is owned or leased by a business entity to establish that, in order to be eligible to pay property taxes in installments,

the business entity had not more than the statutory limit in gross receipts in the entity's most recent federal tax year or state franchise tax annual period, and to set forth that statutory limit, which is required to be annually adjusted by the comptroller and used by collectors to determine whether a property is eligible to pay property taxes in installments.