

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 8, 2009**

**TO:** Honorable Rene Oliveira, Chair, House Committee on Ways & Means

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB1283** by Eiland (Relating to installment payments of ad valorem taxes on property in a disaster area.), **Committee Report 1st House, Substituted**

<b>No fiscal implication to the State is anticipated.</b>
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The bill would amend Chapter 31 of the Tax Code, regarding the collection of property taxes.

The bill would increase the types of real property damaged in a disaster for which the owner can elect installment payments for property taxes. Under current law, only residence homesteads and other residential properties with fewer than five living units are eligible for the election. Under this bill, all real property damaged in a disaster would be eligible. A business would be prohibited from electing to make installment payments if its gross receipts exceed \$5 million in the 2009 tax year. For each subsequent tax year, the \$5 million limit would be adjusted by the Comptroller to reflect changes in consumer inflation, and tax collectors would be required to use this adjusted limit.

The bill would reduce the penalty for an unpaid installment from 12 percent to 6 percent of the unpaid amount.

The bill's provision to expand the installment payment option from residential property to all real property except certain businesses would affect the timing of tax payments but not the amount.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2009.

**Local Government Impact**

The bill's provision to reduce the penalty for unpaid installments from 12 percent to 6 percent of the unpaid amount would create a cost to taxing units. Neither the magnitude nor frequency of future disasters can be predicted. Further, the value of future disaster-damaged real property for which the owner elects to pay in installments and then becomes delinquent is unknown. As such, the fiscal impact cannot be estimated.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, MN, SD, SJS