

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

May 3, 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.), **As Introduced**

No fiscal implication to the State is anticipated.

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.

The bill would also 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 would affect the timing of tax payments but not the amount and would have no cost. 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; however, since the value of real property that will be damaged in future disasters for which the owner elects to pay in installments and then becomes delinquent is likely to be very low, the fiscal impact would not be significant.

This 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

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JOB, MN, SD, SJS