

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

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

**May 11, 2009**

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

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

**IN RE: HB4692** by Olivo (Relating to the deferred collection of taxes on the residence homestead of an elderly or disabled individual. ), **Committee Report 1st House, Substituted**

**Passage of the bill would prohibit taxing units from accepting tax payments on property on which the owner had elected to defer the payment. As a result, the related ad valorem tax collections could be reduced and the related costs to the Foundation School Fund could be increased through the operation of the school finance formulas.**

The bill would add new subsections to Section 33.06 of the Tax Code to require taxing units to return to a mortgage company or other third party a tax payment made for property on which the owner had elected to defer taxes under this section and inform the mortgagee or other third party of the deferral. The bill would prohibit the adjustment of an existing escrow account to recover the amount of deferred taxes. The bill would also prohibit the creation of an escrow account to collect from the property owner the amount of deferred taxes unless the property owner agreed in writing.

Under current practice, some mortgage companies have paid property taxes that 65-or-over or disabled homestead owners have elected to defer under Section 33.06. Some of the companies following this practice have then sought reimbursement from the property owner. This bill would prohibit the taxing units from accepting tax payments on property on which the owner had elected to defer the payment. Since information is not available about the number of property owners electing deferral on properties subject to mortgages or the policies of all of the affected mortgage holders concerning deferred taxes, the fiscal impact cannot be estimated.

The bill would take effect September 1, 2009.

**Local Government Impact**

Passage of the bill would prohibit local taxing units from accepting tax payments on property on which the owner had elected to defer the payment. As a result, ad valorem tax revenue for units of local government could be reduced. However, the fiscal impact on units of local government cannot be estimated because information is not available about the number of property owners electing deferral on properties subject to mortgages or the policies of all of the affected mortgage holders concerning deferred taxes.

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

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