

BILL ANALYSIS

H.B. 234
By: Otto
Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Under current law, if an appraisal district sends a property owner a tax bill for an improvement omitted from a tax bill in a preceding tax year, a taxing entity within the district may charge the property owner interest as if it were the property owner's fault that the property "escaped" taxation. This interest can be charged even if the property owner received building permits for the improvement or took other appropriate steps to ensure that the appraisal district should have known that the land was improved. H.B. 234 ensures that a property owner is not subject to paying interest on previously omitted improvements to real property if the appraisal district has actual or constructive notice of improvement in the year in which the improvement escaped taxation, the land on which the improvement is located did not escape taxation for the year in question, and the property owner pays all back taxes due on the improvement within 120 days after the tax bill is sent. H.B. 234 also requires the property owner's tax bill, including back taxes on any improvement that escaped taxation, to announce that no interest is due on the back taxes if those taxes are paid within that 120-day period.

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

H.B. 234 amends the Tax Code to establish that back taxes assessed on an improvement to real property do not incur interest if the land on which the improvement is located did not escape taxation in the year in which the improvement escaped taxation, the appraisal district had actual or constructive notice of the presence of the improvement in the year in which the improvement escaped taxation, and the property owner pays all back taxes due on the improvement not later than the 120th day after the date the tax bill for the back taxes on the improvement is sent. The bill establishes that, if appeal through binding arbitration or judicial review relating to the taxes imposed on the omitted improvement is pending on the 120th day after the date the tax bill is sent, the property owner is considered to have paid the back taxes due by that date if the property owner pays taxes on the property subject to the appeal in an amount equal to the amount of taxes due on the portion of the taxable value of the property that is not in dispute or the amount of taxes due on the property under the order from which the appeal is taken, as applicable. The bill establishes that an appraisal district has constructive notice of the presence of an improvement if a building permit for the improvement has been issued by an appropriate governmental entity.

H.B. 234 requires a tax bill that includes back taxes on an improvement that escaped taxation in a prior year to state that no interest is due on the back taxes if those back taxes are paid not later than the 120th day after the date the tax bill is sent.

H.B. 234 makes nonsubstantive changes.

EFFECTIVE DATE

September 1, 2011.