

BILL ANALYSIS

C.S.H.B. 1090
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Currently, a taxpayer who prevails in a dispute over an appraisal of property for property tax purposes is entitled to a refund of the difference between the amount of taxes paid by the taxpayer and the amount of taxes for which the taxpayer is determined to be liable. The interest rate on a refund made because the denial of an exemption from property taxes granted to a religious organization is calculated at an annual rate equal to the auction average rate quoted on a bank discount basis for three-month United States treasury bills, as published by the Federal Reserve Board, but not more than ten percent. For all other property tax refunds, interest is calculated at the annual rate of eight percent.

The purpose of C.S.H.B. 1090 is to provide for a single interest rate calculation method for all property tax refunds by taxing units that interested parties contend is more in line with current economic and financial realities.

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. 1090 amends the Tax Code to require a property tax refund following the final determination of an appeal that decreases a property owner's tax liability after the property owner has paid the taxes to include with the refund interest on the amount refunded calculated at an annual rate that is equal to the sum of two percent and the most recent prime rate quoted and published by the Federal Reserve Board as of the first day of the month in which the refund is made, but not more than a total of eight percent, calculated from the delinquency date for the taxes until the date the refund is made.

C.S.H.B. 1090 removes language specifying a different rate calculation for the interest if the refund is made because an exemption from property taxes for a religious organization that was denied by the chief appraiser or appraisal review board is granted and interest at an annual rate of eight percent for any other property tax refund.

EFFECTIVE DATE

September 1, 2011.

COMPARISON OF ORIGINAL AND SUBSTITUTE

C.S.H.B. 1090 differs from the original by replacing the interest rate calculation for a refund made because an exemption from property taxes for a religious organization that was denied by the chief appraiser or appraisal review board is granted and the interest rate calculation for any other property tax refund with a single interest rate calculation, whereas the original applies the

interest rate calculation for a refund made because an exemption from property taxes for a religious organization that was denied by the chief appraiser or appraisal review board is granted to any other property tax refund.

C.S.H.B. 1090 differs from the original, in the saving provision, by specifying a refund made following an appeal that is finally determined on or after the effective date of the bill, whereas the original specifies a refund that accrues on or after the effective date of the bill.