

By: Otto

H.B. No. 234

A BILL TO BE ENTITLED

AN ACT

relating to liability for interest on ad valorem taxes on improvements that escaped taxation in a previous year.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 26.09, Tax Code, is amended by amending Subsection (d) and adding Subsections (d-1) and (d-2) to read as follows:

(d) If a property is subject to taxation for a prior year in which it escaped taxation, the assessor shall calculate the tax for each year separately. In calculating the tax, the assessor ~~he~~ shall use the assessment ratio and tax rate in effect in the unit for the year for which back taxes are being imposed. Except as provided by Subsection (d-1), ~~the~~ the amount of back taxes due incurs ~~, he shall add~~ interest calculated at the rate provided by ~~Subsection (c) of~~ Section 33.01(c) ~~[33.01 of this code]~~ from the date the tax would have become delinquent had the tax been imposed in the proper tax year.

(d-1) For purposes of this subsection, 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. Back taxes assessed under Subsection (d) on an improvement to real property do not incur interest if:

(1) the land on which the improvement is located did

1 not escape taxation in the year in which the improvement escaped  
2 taxation;

3 (2) the appraisal district had actual or constructive  
4 notice of the presence of the improvement in the year in which the  
5 improvement escaped taxation; and

6 (3) the property owner pays all back taxes due on the  
7 improvement not later than the 120th day after the date the tax bill  
8 for the back taxes on the improvement is sent.

9 (d-2) For purposes of Subsection (d-1)(3), if an appeal  
10 under Chapter 41A or 42 relating to the taxes imposed on the omitted  
11 improvement is pending on the date prescribed by that subdivision,  
12 the property owner is considered to have paid the back taxes due by  
13 that date if the property owner pays the amount of taxes required by  
14 Section 41A.10 or 42.08, as applicable.

15 SECTION 2. Section 31.01, Tax Code, is amended by adding  
16 Subsection (c-2) to read as follows:

17 (c-2) For a tax bill that includes back taxes on an  
18 improvement that escaped taxation in a prior year, the tax bill or  
19 separate statement described by Subsection (c) must state that no  
20 interest is due on the back taxes if those back taxes are paid not  
21 later than the 120th day after the date the tax bill is sent.

22 SECTION 3. The change in law made by this Act applies only  
23 to an omitted improvement included in a tax bill that is first sent  
24 to the property owner on or after the effective date of this Act.

25 SECTION 4. This Act takes effect September 1, 2011.