

By: Otto

H.B. No. 234

A BILL TO BE ENTITLED

1 AN ACT
2 relating to liability for interest on ad valorem taxes on
3 improvements that escaped taxation in a previous year.

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

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

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

18 (d-1) For purposes of this subsection, an appraisal
19 district has constructive notice of the presence of an improvement
20 if a building permit for the improvement has been issued by an
21 appropriate governmental entity. Back taxes assessed under
22 Subsection (d) on an improvement to real property do not incur
23 interest if:

24 (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.