

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION

May 13, 2011

TO: Honorable Royce West, Chair, Senate Committee on Intergovernmental Relations

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

IN RE: HB499 by Rodriguez, Eddie (Relating to the additional penalty for collection costs for certain delinquent ad valorem taxes.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 33 of the Tax Code, regarding the property tax and delinquencies, to permit a local government to charge an additional penalty on taxes that become delinquent under Section 42.42 of the Tax Code to defray the cost of collecting the delinquent taxes. Section 42.42, provides for corrected and supplemental tax bills after appeals to district court. Section 33.08(b) currently permits local governments to charge an additional penalty on taxes that become delinquent under several other Tax Code sections.

The additional penalties on certain delinquent taxes that the bill would permit would not constitute a gain to the local governments that choose to assess the penalties because the penalties would be forwarded to independent delinquent tax attorneys under contract.

The future actions of local governments and amounts of future court judgments cannot be predicted, so the additional penalties cannot be estimated. The penalties, however, would likely be insignificant statewide because the proposed bill only applies to delinquent property taxes arising from district court challenges - a small fraction of all delinquent taxes. Delinquent tax penalties are currently outside the school funding system, so there would be no gain (or cost) to the state.

The bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2011.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

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