

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 82ND LEGISLATIVE REGULAR SESSION**

**May 24, 2011**

**TO:** Honorable Joe Straus, Speaker of the House, House of Representatives

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

**IN RE: HB2169** by Aycock (Relating to the authority of the governing body of a taxing unit to rescind a discount for early payment of ad valorem taxes.), **As Passed 2nd House**

**No fiscal implication to the State is anticipated.**

The bill would amend Section 31.05 of the Tax Code, regarding property taxation, to authorize the governing body of a taxing unit to rescind a discount for paying property taxes by specified dates if the governing body had previously adopted the discount by official action. Under current law, a local taxing unit can adopt discounts that range from one percent to three percent, depending on when the property tax bill is paid. The rescission of a discount would take effect in the tax year following the year in which the discount is rescinded.

The bill would make changes to the discounting of property taxes by one to three percent, depending on when the property taxes are paid. While rescinding a discount would be a gain to units of local governments that adopt the recession, it cannot be determined how many of units of local governments would rescind the discount, and therefore the fiscal gain to units of local government cannot be estimated. Property tax discounts do not affect the school funding formula and consequently there would be no fiscal impact 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**

Rescinding a property tax discount would result in a gain to units of local governments that adopt the recession.

**Source Agencies:** 304 Comptroller of Public Accounts

**LBB Staff:** JOB, KK, SD, SJS