

BILL ANALYSIS

C.S.H.B. 1059
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Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Current law authorizes for certain individuals the payment of property taxes on residence homesteads in four equal installments without the accrual of penalty and interest. If, however, the first payment is not timely paid, the installment payment option is no longer available. There is an expressed concern that for some individuals, such as senior citizens and people with disabilities living on fixed incomes, failure to pay the first installment immediately becomes a significant burden in that the payment option is no longer available and substantial penalties and interest immediately begin to accrue on the unpaid balance.

C.S.H.B. 1059 seeks to mitigate this burden by providing for a penalty to be assessed on a missed first installment while still allowing for the installment option if the first installment is paid within the first month of delinquency, with the intention of bringing a practice already used by some tax offices into conformity with the law and enhancing uniformity in the state tax collection process.

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. 1059 amends the Tax Code to change the penalty- and interest-free installment payments by which an eligible individual is authorized to pay a taxing unit's taxes imposed on property that the person owns and occupies as a residence homestead from three equal installments following an initial payment of at least one-fourth of the taxes due made before the delinquency date to four equal installments if the first installment is paid before the delinquency date. The bill authorizes an eligible individual to pay in four equal installments if the first installment is paid and the required notice to the taxing unit of the individual's intent to pay in installments is provided before March 1. The bill includes the first installment payment as a payment considered to be delinquent and that incurs a penalty if an individual fails to make it before the applicable date.

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1059 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Section 31.031, Tax Code, is amended by amending Subsections (a-1), (b), (c), and (d) and adding Subsection (a-2) to read as follows:

(a-1) ~~An [If before the delinquency date an]~~ individual to whom this section applies may pay [pays at least one-fourth of] a taxing unit's taxes imposed on property that the person owns and occupies as a residence homestead in four equal installments without penalty or interest if the first installment is paid before the delinquency date and is[;] accompanied by notice to the taxing unit that the person will pay the remaining taxes in three equal installments[; the person may pay the remaining taxes without penalty or interest in three equal installments]. The second [first] installment must be paid before April 1, the third [second] installment before June 1, and the fourth [third] installment before August 1.

(a-2) Notwithstanding the deadline prescribed by Subsection (a-1) for payment of the first installment, an individual to whom this section applies may pay the taxes in four equal installments as provided by Subsection (a-1) if the first installment is paid and the required notice is provided ~~not later than~~ March 1.

(b) If the individual fails to make a payment, including the first payment, before the applicable date provided by Subsection (a-1) [~~(a)~~], the unpaid amount is delinquent and incurs a penalty of six percent and interest as provided by Section 33.01(c). The penalty provided by Section 33.01(a) does not apply to the unpaid amount.

(c) An individual may pay more than the amount due for each installment and the amount in excess of the amount due shall be credited to the next installment. An individual may not pay less than the total amount due for each installment unless the collector provides for the acceptance of partial payments under this section. If the collector accepts a partial payment, penalties and interest are incurred only by the amount of each installment that remains unpaid on the applicable date provided by Subsection (a-1) [~~(a)~~].

(d) If the delinquency date for taxes to which this section applies is postponed to May 1 or a later date, the collector shall

HOUSE COMMITTEE SUBSTITUTE

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(a-2) Notwithstanding the deadline prescribed by Subsection (a-1) for payment of the first installment, an individual to whom this section applies may pay the taxes in four equal installments as provided by Subsection (a-1) if the first installment is paid and the required notice is provided ~~before~~ March 1.

(b) If the individual fails to make a payment, including the first payment, before the applicable date provided by Subsection (a-1) [~~(a)~~], the unpaid amount is delinquent and incurs a penalty of six percent and interest as provided by Section 33.01(c). The penalty provided by Section 33.01(a) does not apply to the unpaid amount.

(c) An individual may pay more than the amount due for each installment and the amount in excess of the amount due shall be credited to the next installment. An individual may not pay less than the total amount due for each installment unless the collector provides for the acceptance of partial payments under this section. If the collector accepts a partial payment, penalties and interest are incurred only by the amount of each installment that remains unpaid on the applicable date provided by Subsection (a-1) [~~(a)~~].

(d) If the delinquency date for taxes to which this section applies is postponed to May 1 or a later date, the collector shall

extend each installment deadline provided by Subsection (a-1) [~~(a)~~] by the number of months that the delinquency date was postponed.

SECTION 2. This Act applies only to ad valorem taxes imposed for a tax year beginning on or after the effective date of this Act.

SECTION 3. This Act takes effect September 1, 2013.

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SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.