

## BILL ANALYSIS

C.S.H.B. 2324  
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Ways & Means  
Committee Report (Substituted)

### BACKGROUND AND PURPOSE

Current law provides for a penalty of six percent on a delinquent property tax for the first month it is delinquent and then increases the penalty by one percent of the tax for each additional month the tax remains unpaid. Interested parties contend that the vast majority of individuals who are delinquent on their property taxes are indigent citizens who struggle each month to take care of all their financial responsibilities. The parties argue that imposing a penalty of six percent on the delinquent property tax only serves to put these individuals at a further financial disadvantage. C.S.H.B. 2324 seeks to lessen the economic burden on indigent families by reducing the penalty rate on delinquent property taxes.

### 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. 2324 amends the Tax Code to reduce the base penalty for a delinquent property tax from six percent to four percent of the amount of the tax for the first calendar month it is delinquent and to reduce the total penalty for a property tax delinquent on July 1 from twelve percent to 10 percent of the amount of the delinquent tax without regard to the number of months the tax has been delinquent.

### EFFECTIVE DATE

January 1, 2014.

### COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2324 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 33.01(a), Tax Code, is amended to read as follows:

(a) A delinquent tax incurs a penalty of interest calculated at an annual rate that is equal to the most recent prime rate quoted and published by the Federal Reserve Board as of the first day of the month in which the tax becomes delinquent, but not more than

#### HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Section 33.01(a), Tax Code, is amended to read as follows:

(a) A delinquent tax incurs a penalty of four ~~six~~ percent of the amount of the tax for the first calendar month it is delinquent plus one percent for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it

~~six percent~~, of the amount of the tax for the first calendar month it is delinquent plus one percent for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year in which it becomes delinquent. However, a tax delinquent on July 1 incurs a total penalty of ~~twelve~~ percent of the amount of the delinquent tax without regard to the number of months the tax has been delinquent. A delinquent tax continues to incur the penalty provided by this subsection as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered.

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 January 1, 2014.

becomes delinquent. However, a tax delinquent on July 1 incurs a total penalty of ~~10 [twelve]~~ percent of the amount of the delinquent tax without regard to the number of months the tax has been delinquent. A delinquent tax continues to incur the penalty provided by this subsection as long as the tax remains unpaid, regardless of whether a judgment for the delinquent tax has been rendered.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.