

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 8, 2013

TO: Honorable Tommy Williams, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1913 by Bohac (Relating to the waiver of penalties and interest on certain delinquent ad valorem taxes.), **As Engrossed**

No fiscal implication to the State is anticipated.

This bill would amend Section 33.011 of the Tax Code, regarding waiver of delinquent property tax penalties and interest, to permit a taxing unit to waive penalties and interest on a delinquent tax related to any date preceding the date on which the property owner acquired the property if:

- 1) the tax is paid not later than the 181st day after the date the property owner receives proper notice of the delinquent tax; and
- 2) the delinquency is the result of taxes imposed on omitted property, erroneously exempted property, or property added to the appraisal roll under a different account number or parcel when the property was owned by a prior owner.

The bill would also permit a taxing unit to waive penalties and interest on a delinquent tax if the taxpayer submits evidence showing that the taxpayer would have delivered payment for the tax before the delinquency date if not for an act or omission of the U.S. Postal Service or a private carrier.

The bill would require that a request for a waiver of penalties and interest be made before the 181st day after the date the property owner making the request receives proper notice of the delinquent tax.

The bill would amend Section 34.04 of the Tax Code, related to a notice of delinquency, to require that a delinquent property tax notice contain specified language warning that a taxing unit may foreclose on the tax lien if the delinquent taxes are not paid.

To the extent that taxing units choose to grant delinquent property tax penalty and interest waivers as permitted by the bill, they would lose the associated revenue. The waivers, however, could encourage purchases of properties with outstanding delinquent taxes resulting from appraisal roll omissions and erroneous exemptions and result in more timely payment of the delinquent taxes. The number and value of waivers that taxing units would choose to grant is unknown so the fiscal impact of the bill cannot be estimated. Penalties and interest on delinquent property taxes do not affect the state's school funding formula so there would be no fiscal impact on the state.

The bill would take effect on September 1, 2013.

Local Government Impact

To the extent that local taxing units choose to grant delinquent property tax penalty and interest waivers, as permitted by the passage of the bill, they would lose the associated revenue. The waivers, however, could encourage purchases of properties with outstanding delinquent taxes resulting from appraisal roll omissions and erroneous exemptions and result in more timely payment of the delinquent taxes.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS