

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 12, 2013

TO: Honorable Harvey Hilderbran, Chair, House Committee on Ways & Means

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 Introduced**

<p>No fiscal implication to the State is anticipated.</p>
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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 for any tax year preceding the tax year in 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 notice of the delinquent tax; and
- 2) the delinquency is the result of taxes imposed on omitted property or erroneously exempted property.

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 notice of the delinquent tax.

The bill would provide that the waiver of penalties and interest would apply only to the tax lien on the property and does not relieve the person who owned or acquired the property on January 1 of the year for which the delinquent tax was imposed from any personal obligation for the accrued penalties and interest on the tax.

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