

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

April 18, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB2324 by Gonzalez, Naomi (Relating to the calculation of penalty on a delinquent ad valorem tax.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2324, As Introduced: an impact of \$0 through the biennium ending August 31, 2015.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2014	\$0
2015	\$0
2016	\$0
2017	\$0
2018	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from School Districts	Probable Revenue Gain/(Loss) from Counties	Probable Revenue Gain/(Loss) from Cities	Probable Revenue Gain/(Loss) from Other Special Districts
2014	\$0	\$0	\$0	\$0
2015	(\$72,873,000)	(\$22,218,000)	(\$24,617,000)	(\$16,240,000)
2016	(\$74,424,000)	(\$22,610,000)	(\$25,095,000)	(\$16,513,000)
2017	(\$77,304,000)	(\$23,402,000)	(\$26,018,000)	(\$17,077,000)
2018	(\$81,265,000)	(\$24,515,000)	(\$27,301,000)	(\$17,875,000)

Fiscal Analysis

The bill would amend Section 33.01 of the Tax Code, related to delinquent property tax penalties and interest change the penalty on delinquent property taxes to interest calculated at an annual rate equal to the prime rate but not to exceed six percent. Current law requires a penalty of six percent of the unpaid property tax. In either case the addition of one percent for each month the tax is

unpaid up to a maximum of twelve percent.

Methodology

The bill's reduction of the rate used to calculate a delinquent property tax penalty from a flat six percent to an annual interest rate set at the prime rate would create a cost to local taxing units primarily because an the annual interest rate translates into a monthly rate that is much smaller than the flat rate of six percent set in current law. In fiscal 2015 and 2016 of the analysis, the prime rate is below six percent, which contributes to the cost of the bill.

The estimate was based on historical information from appraisal districts and a prime rate forecast. There would be no cost to the state because delinquent property tax penalties are not included in the school finance formula.

Local Government Impact

The fiscal implication to units of local government is reflected in the tables above.

Source Agencies: 304 Comptroller of Public Accounts

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