

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 83RD LEGISLATIVE REGULAR SESSION

May 8, 2013

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB476 by Hinojosa (Relating to installment agreements for the payment of delinquent ad valorem taxes.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend Section 33.02 of the Tax Code, regarding property taxation and delinquency, to require a collector for a taxing unit, on request by a person delinquent in the payment of the tax on a residence homestead, to enter into an agreement with the person for payment of the tax, penalties, and interest in installments if the person has not entered into an installment agreement with the collector for the taxing unit in the preceding 24 months. The installment plan must provide for equal monthly installments over at least a 12 month period. A penalty does not accrue on the unpaid balance during the agreement period if the property is a residence homestead.

The bill would amend Section 33.04 to require a collector to provide notice of this right in the notice of delinquency.

The bill would amend Chapter 51 of the Property Code, regarding provisions generally applicable to liens, to provide that a debtor is not in default on real property used as the debtor's residence if the debtor is in substantial compliance with an installment agreement with a taxing unit and has given notice of the agreement to the mortgage servicer.

The bill would take effect on September 1, 2013.

Local Government Impact

The bill's proposed notification requirements and forgiveness of delinquent tax penalties for homestead owners who have agreed to the installment plan would result in some costs for units of local government. The bill's proposed installment payment plan could, on the other hand, make it feasible for some homestead owners to pay property taxes that they would otherwise be unable to pay. The net fiscal impact would not be significant.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KKR, TP, SD, SJS