

## **BILL ANALYSIS**

C.S.H.B. 1933  
By: Darby  
Ways & Means  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Taxing units in Texas are currently required to offer reasonable installment plans for payment of property taxes. Interested parties assert that clarifications should be made with regard to this requirement to address the timeline of payments and who may qualify for an installment plan. C.S.H.B. 1933 seeks to provide for such clarification as it relates to installment payments of property taxes.

### **CRIMINAL JUSTICE IMPACT**

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

### **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. 1933 amends the Tax Code to clarify the dates by which installment payments of property taxes imposed on property that an individual owns and occupies as a residence homestead must be paid by the individual, provided that the individual is eligible to do so and the first installment is paid before the delinquency date, if the delinquency date is a date other than February 1, as follows: for the second installment, the first day of the second month after the delinquency date; for the third installment, the first day of the fourth month after the delinquency date; and for the fourth installment, the first day of the sixth month after the delinquency date. The bill makes the same clarifications to dates by which installment payments of taxes on property in a disaster area must be paid.

C.S.H.B. 1933 limits the requirement that the collector for a taxing unit enter into an agreement with a person delinquent in the payment of the property tax on a residence homestead for the payment of the tax, penalties, and interest in installments if the person has not entered into such an agreement in the preceding 24 months to a residence homestead for which the property owner has been granted a residence homestead exemption. The bill limits the requirement that an installment agreement for the payment of delinquent property taxes extend for a period of 12 months to the property that is the subject of the agreement being a residence homestead for which the person entering into the agreement has been granted a residence homestead exemption. The bill limits the prohibition against a penalty accruing on the unpaid balance during the period of such an agreement if the property that is subject to the agreement is a residence homestead to a residence homestead for which the property owner has been granted a residence homestead exemption.

C.S.H.B. 1933 repeals the requirement that the collector for a taxing unit, if the delinquency date

for certain residence homestead property taxes is postponed to May 1 or a later date, to extend each installment deadline by the number of months that the delinquency date was postponed. The bill repeals a similar provision relating to installment payments of taxes on property in a disaster area.

C.S.H.B. 1933 repeals Sections 31.031(d) and 31.032(e), Tax Code.

**EFFECTIVE DATE**

September 1, 2015.

**COMPARISON OF ORIGINAL AND SUBSTITUTE**

While C.S.H.B. 1933 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

**INTRODUCED**

SECTION 1. Sections 31.031(a-1), (a-2), and (b), Tax Code, are amended to read as follows:

(a-1) An individual to whom this section applies may pay a taxing unit's taxes imposed on property that the person owns and occupies as a residence homestead in four equal installments without penalty or interest if the first installment is paid before the delinquency date and is accompanied by notice to the taxing unit that the person will pay the remaining taxes in three equal installments.

The second installment must be paid before the first day of the second month after the delinquency date [~~April 1~~], the third installment must be paid before the first day of the fourth month after the delinquency date [~~June 1~~], and the fourth installment must be paid before the first day of the sixth month after the delinquency date [~~August 1~~].

(a-2) Notwithstanding the deadline prescribed by Subsection (a-1) for payment of the first installment, an individual to whom this section applies may pay the taxes in four equal installments as provided by Subsection (a-1) if the first installment is paid and the required notice is provided

**HOUSE COMMITTEE SUBSTITUTE**

SECTION 1. Sections 31.031(a-1), (a-2), and (b), Tax Code, are amended to read as follows:

(a-1) An individual to whom this section applies may pay a taxing unit's taxes imposed on property that the person owns and occupies as a residence homestead in four equal installments without penalty or interest if the first installment is paid before the delinquency date and is accompanied by notice to the taxing unit that the person will pay the remaining taxes in three equal installments. If the delinquency date is February 1, the [~~The~~] second installment must be paid before April 1, the third installment must be paid before June 1, and the fourth installment must be paid before August 1.

If the delinquency date is a date other than February 1, the second installment must be paid before the first day of the second month after the delinquency date, the third installment must be paid before the first day of the fourth month after the delinquency date, and the fourth installment must be paid before the first day of the sixth month after the delinquency date.

(a-2) Notwithstanding the deadline prescribed by Subsection (a-1) for payment of the first installment, an individual to whom this section applies may pay the taxes in four equal installments as provided by Subsection (a-1) if the first installment is paid and the required notice is provided

before the first day of the first month after the delinquency date [~~March 1~~].

(b) If the individual fails to make a payment, including the first payment, before the applicable date provided by Subsection (a-1), the unpaid installment [~~amount~~] is delinquent and incurs a penalty of six percent and interest as provided by Section 33.01(c). The penalty provided by Section 33.01(a) does not apply to the unpaid installment [~~amount~~].

SECTION 2. Sections 31.032(b) and (c), Tax Code, are amended to read as follows:

(b) If, before the delinquency date, a person pays at least one-fourth of a taxing unit's taxes imposed on property that the person owns, accompanied by notice to the taxing unit that the person will pay the remaining taxes in installments, the person may pay the remaining taxes without penalty or interest in three equal installments.

The first installment must be paid before the first day of the second month after the delinquency date [~~April 1~~], the second installment must be paid before the first day of the fourth month after the delinquency date [~~June 1~~], and the third installment must be paid before the first day of the sixth month after the delinquency date [~~August 1~~].

(c) If the person fails to make a payment before the applicable date provided by Subsection (b), the unpaid installment [~~amount~~] is delinquent and incurs a penalty of six percent and interest as provided by Section 33.01(c).

SECTION 3. Sections 33.011(d) and (i), Tax Code, are amended.

SECTION 4. Section 33.02, Tax Code, is amended.

SECTION 5. Section 33.04, Tax Code, as amended by Chapters 935 (H.B. 1597) and 967 (H.B. 1913), Acts of the 83rd Legislature, Regular Session, 2013, is

before the first day of the first month after the delinquency date [~~March 1~~].

(b) If the individual fails to make a payment, including the first payment, before the applicable date provided by Subsection (a-1), the unpaid installment [~~amount~~] is delinquent and incurs a penalty of six percent and interest as provided by Section 33.01(c). The penalty provided by Section 33.01(a) does not apply to the unpaid installment [~~amount~~].

SECTION 2. Sections 31.032(b) and (c), Tax Code, are amended to read as follows:

(b) If, before the delinquency date, a person pays at least one-fourth of a taxing unit's taxes imposed on property that the person owns, accompanied by notice to the taxing unit that the person will pay the remaining taxes in installments, the person may pay the remaining taxes without penalty or interest in three equal installments. If the delinquency date is February 1, the [The] first installment must be paid before April 1, the second installment must be paid before June 1, and the third installment must be paid before August 1.

If the delinquency date is a date other than February 1, the first installment must be paid before the first day of the second month after the delinquency date, the second installment must be paid before the first day of the fourth month after the delinquency date, and the third installment must be paid before the first day of the sixth month after the delinquency date.

(c) If the person fails to make a payment before the applicable date provided by Subsection (b), the unpaid installment [~~amount~~] is delinquent and incurs a penalty of six percent and interest as provided by Section 33.01(c).

SECTION 3. Same as introduced version.

SECTION 4. Same as introduced version.

SECTION 5. Same as introduced version.

amended.

SECTION 6. Sections 31.031(d) and 31.032(e), Tax Code, are repealed.

SECTION 7. (a) The changes in law made by this Act to Sections 31.031, 31.032, and 33.02, Tax Code, apply only to an installment agreement for the payment of ad valorem taxes entered into on or after the effective date of this Act. An installment agreement for the payment of ad valorem taxes entered into before the effective date of this Act is governed by the law in effect on the date the agreement was entered into, and the former law is continued in effect for that purpose.

(b) The change in law made by this Act to Section 33.04, Tax Code, applies only to a notice of delinquency delivered on or after the effective date of this Act. A notice of delinquency delivered before the effective date of this Act is governed by the law in effect on the date the notice was delivered, and the former law is continued in effect for that purpose.

SECTION 8. To the extent of any conflict, this Act prevails over another Act of the 84th Legislature, Regular Session, 2015, relating to nonsubstantive additions to and corrections in enacted codes.

SECTION 9. This Act takes effect September 1, 2015.

SECTION 6. Same as introduced version.

SECTION 7. Same as introduced version.

SECTION 8. Same as introduced version.

SECTION 9. Same as introduced version.