

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 2, 2015

TO: Honorable Jane Nelson, Chair, Senate Committee on Finance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB50 by Zaffirini (Relating to ad valorem tax liens on personal property.), As Introduced

Passage of the bill would add a provision that a lien on personal property would attach irrespective of whether the personal property is located within the boundaries of the taxing unit in whose favor the lien attaches. Attachment of a personal property tax lien irrespective of whether the personal property is located within the boundaries of the taxing unit in whose favor the lien attaches could enable taxing units to recover more delinquent property taxes through the sale of foreclosed personal property outside the taxing unit's boundaries. As a result, costs to the Foundation School Fund could be decreased through the operation of the school finance formulas.

The bill would amend Tax Code Section 32.01, regarding property tax liens. Current law provides that a tax lien attaches to property in favor of each taxing unit having power to tax the property and provides that a tax lien on personal property attaches to all personal property that the property owner owns on January 1 of the tax year in which the lien attaches or that the property owner subsequently acquires. The bill would add a provision that a lien on personal property would attach irrespective of whether the personal property is located within the boundaries of the taxing unit in whose favor the lien attaches.

Attachment of a personal property tax lien irrespective of whether the personal property is located within the boundaries of the taxing unit in whose favor the lien attaches could enable taxing units to recover more delinquent property taxes through the sale of foreclosed personal property outside the taxing unit's boundaries. A fiscal gain to local taxing units and to the state through the operation of the school finance formulas could result. No information is available regarding the amount of delinquent property tax recovery that would be provided under the bill. As such, any fiscal implications cannot be estimated.

This bill would take effect immediately upon enactment, assuming that it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2015.

Local Government Impact

Passage of the bill would add a provision that a lien on personal property would attach irrespective of whether the personal property is located within the boundaries of the taxing unit in whose favor the lien attaches. Attachment of a personal property tax lien irrespective of whether the personal property is located within the boundaries of the taxing unit in whose favor the lien

attaches could enable taxing units to recover more delinquent property taxes through the sale of foreclosed personal property outside the taxing unit's boundaries. As a result, ad valorem tax revenue for units of local government could be increased.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS