

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATURE 1st CALLED SESSION - 2017

July 24, 2017

TO: Honorable Dennis Bonnen, Chair, House Committee on Ways & Means

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB158 by Metcalf (Relating to the rate at which interest accrues in connection with the deferral or abatement of the collection of ad valorem taxes on an appreciating residence homestead.), **As Introduced**

No fiscal implication to the State is anticipated.

Local Government Impact

This bill would amend Chapter 33 of the Tax Code, regarding property tax delinquency, to provide that the annual interest rate during a property tax deferral or abatement period for residence homesteads that have been appraised at more than 105 percent of the preceding year's appraised value, is 5 percent (rather than the current 8 percent).

The bill would reduce the amount of interest revenue received by local taxing units because of the decrease of the interest rate from 8 percent to 5 percent. The amount of interest on deferred or abated taxes that would be affected by the reduced interest rate proposed by the bill is unknown; consequently the cost to local taxing units cannot be estimated. There would be no cost to the state because interest revenue is not included in the school funding formulas.

This bill would take effect on January 1, 2018, and would apply to interest that accrues during a deferral or abatement period on or after that date, regardless of whether the deferral or abatement period began before January 1, 2018, or begins on or after that date.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK