

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

March 14, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB1634 by Bonnen, Greg (Relating to the waiver of penalties and interest if an error by a mortgagee results in failure to pay an ad valorem tax.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would amend Chapter 33 of the Tax Code, regarding property tax delinquency, to permit the governing body of a taxing unit to waive penalties and interest on a delinquent tax if:

1. the property for which the tax is owed is subject to a mortgage;
2. the tax bill was mailed or delivered by electronic means to the mortgagee of the property, but the mortgagee failed to mail a copy of the bill to the owner of the property as required; and
3. the taxpayer paid the tax not later than the 21st day after the date the taxpayer knew or should have known of the delinquency.

The bill's provision that would allow a taxing unit to waive penalties and interest on a delinquent tax on mortgaged property if the mortgagee failed to mail a copy of the bill to the property owner and the tax was paid not later than the 21st day after the date the taxpayer knew or should have known of the delinquency would create a cost to local taxing units and to the state through the school finance formulas to the extent that taxing units decide to waive such penalties and interest. The future actions of taxing units and the number of mortgagors who do not receive tax bills is unknown. Consequently, the cost of the bill cannot be estimated. Because the great majority of tax bills sent to mortgagees are paid timely by the mortgagee, and of the tax bills that are not paid by the mortgagee the bill would only permit a waiver for the penalty and interest if a copy of the unpaid bill was not sent to the property owner as required, the cost of the bill is not expected to be significant.

The bill would take effect on January 1, 2018, and apply only to penalties and interest that becomes delinquent on or after the effective date.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: UP, KK, SD, SJS