

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 2, 2017

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

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3148 by Uresti, Tomas (Relating to installment payments of ad valorem taxes imposed on residence homesteads and certain property of disabled veterans and their surviving spouses.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill amends Chapter 31 of the Tax Code, regarding property tax collections, to allow an individual to pay their residence homestead taxes or taxes on property partially exempt under Tax Code Section 11.22, relating to the disabled veterans exemption, in 10 equal installments if the individual is qualified for a residence homestead exemption for someone who is disabled or 65 years or older or is qualified as a disabled veteran or unmarried surviving spouse of a disabled veteran for an exemption under Tax Code Section 11.132 or 11.22. These individuals would be allowed to pay installments without penalty and interest if the first installment is paid before November 1 of the tax year and notice is given that the remaining taxes will be paid in nine equal installments, with the 10th installment paid before August 1. The bill sets forth the deadlines for each installment and provides that if an individual fails to make a timely installment payment, then the unpaid installment is delinquent and incurs a penalty of 6 percent and 1 percent interest per month or portion of month the tax remains unpaid. The bill allows for payments in excess of the monthly amount due, but not for less than the amount due unless the collector accepts partial payments. Taxing units may provide for an additional penalty for attorney fees to collect taxes that are delinquent under these installment plans if the taxes became delinquent on or after June 1.

The bill provides that any individual who is qualified for a residence homestead exemption may pay property taxes in quarterly payments. These quarterly installment payments may be used to pay the taxes on a residence homestead or property for which a person receives a disabled veteran exemption under Tax Code Section 11.22. Currently, these installment plans only apply to residence homestead taxes for owners who are qualified for a residence homestead exemption for someone who is disabled or 65 years or older or qualified as a disabled veteran or unmarried surviving spouse of a disabled veteran for an exemption under Tax Code Section 11.132 or 11.22.

The bill's provisions that would allow individuals who are disabled, 65 years or older, or a disabled veteran or unmarried surviving spouse of a disabled veteran to choose to pay homestead taxes either in monthly or quarterly installments would not change the amount of tax due nor the penalties and interest that could be incurred for a late payment. The bill's provisions that would allow any owner who is qualified for a residence homestead exemption to pay in quarterly installment payments might provide the flexibility needed for these property owners to pay taxes owed that would otherwise go unpaid, creating a gain to taxing units and to the state through the school funding formula. However, the payment of these taxes would result in less penalties and

interest accruing on these accounts that would otherwise go delinquent, creating a loss to local taxing units. This would also hold true for the bill's provisions that would allow quarterly or monthly installment payments on property partially exempt under Tax Code Section 11.22. As a result, the fiscal impact cannot be estimated, but is not expected to be significant.

The bill takes effect January 1, 2018.

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