

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

March 19, 2019

TO: Honorable Dustin Burrows, Chair, House Committee on Ways & Means

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
Legislative Budget Board

IN RE: HB861 by Anchia (Relating to the calculation of penalties and interest resulting from the final determination of an ad valorem tax appeal that changes a property owner's tax liability.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 42 of the Tax Code, regarding judicial review of property tax appeals, to provide that the current law method of calculating penalties and interest on an additional tax included in a supplemental tax bill applies only if the additional tax is not paid by the delinquency date for the additional tax.

Currently, any additional tax after a district court determination is due on receipt of a supplemental bill and becomes delinquent if not paid before the delinquency date for the additional tax calculated as provided in current law, but the penalties and interest are calculated based on the original delinquency date. Under the bill's provisions, if the additional tax is paid timely, penalties and interest would not accrue until the delinquency date for the additional tax (a later date) creating a cost to taxing units. The number, value, frequency, and timeliness of payments of additional taxes and penalties and interest in future district court determinations cannot be predicted so any loss to taxing units cannot be estimated. There would be no fiscal impact to the state because penalties and interest are not included in the school funding formulas.

The bill would take effect September 1, 2019.

Local Government Impact

Passage of the bill would provide that the current law method of calculating penalties and interest on an additional tax included in a supplemental tax bill applies only if the additional tax is not paid by the delinquency date for the additional tax. As a result, penalty and interest revenue for units of local government could be reduced.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SJS