

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 16, 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: HB4295 by Johnson, Julie (Relating to default under a deed of trust or contract lien on certain residential property for the delinquent payment of ad valorem taxes.), **As Introduced**

Passage of the bill would allow for more deferrals or abatements which effect the timing, but not the amount of taxes collected. However, depending on the amount and length of time taxes would be deferred or abated there would be a cost to the state through the school funding formula.

The bill would amend Chapter 51 of the Property Code, regarding provisions generally applicable to liens, to provide that a debtor is not in default on real property used as the debtor's residence if the debtor has entered into an installment agreement with the taxing unit (rather than giving notice to the mortgage servicer). The bill also adds conditions that a debtor is not in default under a deed of trust or other contract lien on real property used as the debtor's residence homestead for the delinquent payment of ad valorem taxes if:

- (A) the debtor has obtained a deferral or abatement of the collection of the ad valorem taxes on the property under Section 33.06, Tax Code; and
- (B) the deferral or abatement remains in effect.

The bill's provisions could allow for more deferrals or abatements which effect the timing, but not the amount of taxes collected. However, depending on the amount and length of time taxes would be deferred or abated there would be a cost to local taxing units and to the state through the school funding formula. The amount of taxes that would be deferred and abated is unknown. Consequently, the fiscal impact cannot be estimated. As an illustration, however, the amount of levy loss for school districts due to deferrals in 2018 was \$27.5 million.

The bill would take effect September 1, 2019.

Local Government Impact

Passage of the bill would allow for more deferrals or abatements which effect the timing, but not the amount of taxes collected. However, depending on the amount and length of time taxes would be deferred or abated there would be a cost to local taxing units.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SJS