

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

May 11, 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: **SB1013** by Hughes (relating to the calculation of the penalty for filing a late application for certain ad valorem tax exemptions and allocations.), **Committee Report 2nd House, Substituted**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 11 of the Tax Code, regarding taxable property and exemptions, to provide that if a late application for freeport exemption is approved, the maximum penalty for which a property owner would be liable to each taxing unit allowing the exemption is 10 percent of the tax imposed with the exemption. The bill provides a calculation to compute the amount of penalty to be paid to each taxing unit when the total amount of penalties a property owner is liable for is less than \$5,000.

The bill would amend Chapter 21 of the Tax Code, regarding taxable situs, to provide that if a late application for interstate allocation is approved, the maximum penalty for which a property owner would be liable to each taxing unit is 10 percent of the tax imposed with the allocation. The bill provides a calculation to compute the amount of penalty to be paid to each taxing unit when the total amount of penalties a property owner is liable for is less than \$5,000.

The bill's provisions setting maximum penalties for an approved late freeport exemption application and for an approved late interstate allocation application would create a cost to local taxing units. The number of approved late applications in which the current penalty would exceed the proposed maximum is unknown, thus the cost cannot be estimated.

The bill would take effect September 1, 2019.

Local Government Impact

The bill's provisions setting maximum penalties for an approved late freeport exemption application and for an approved late interstate allocation application would create a cost to local taxing units.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SJS