

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 9, 2019

TO: Honorable Paul Bettencourt, Chair, Senate Committee on Property Tax

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

IN RE: SB1280 by West (Relating to the deferral or abatement of the collection of ad valorem taxes on an appreciating residence homestead.), **As Introduced**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 33 of the Tax Code, regarding property tax delinquency, to provide that for appreciating homesteads, the annual interest rate during a property tax deferral or abatement is 5 percent (down from 8 percent in current law). The bill would remove the requirement that the taxes have to be delinquent in order to defer or abate.

The bill would reduce the amount of interest revenue received by local taxing units. The amount of interest on deferred or abated taxes that would be affected by the reduced interest rate proposed by the bill is unknown; consequently the cost to local taxing units cannot be estimated. There would be no cost to the state because interest revenue is not included in the school funding formulas.

The bill would take effect January 1, 2020.

Local Government Impact

The bill would reduce the amount of interest revenue received by local taxing units. The amount of interest on deferred or abated taxes that would be affected by the reduced interest rate proposed by the bill is unknown; consequently the cost to local taxing units cannot be estimated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: WP, KK, SD, SJS