

By: Bettencourt

S.B. No. 1423

A BILL TO BE ENTITLED

AN ACT

relating to the prepayment of ad valorem taxes.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Sections 31.072(a), (c), and (d), Tax Code, are amended to read as follows:

(a) At the request of a property owner, the ~~The~~ collector for a taxing unit shall ~~may~~ enter a contract with the ~~a~~ property owner under which the property owner deposits money in an escrow account maintained by the collector to provide for the payment of property taxes collected by the collector on any property the person owns.

(c) A contract under this section must allow ~~require~~ the property owner to make ~~monthly~~ deposits to the escrow account at any time until the earlier of the following occurs:

(1) the estimated amount of taxes as provided ~~set~~ in the contract under Subsection (d) ~~[of this section]~~ accrues in the account; or

(2) [until] ~~until~~ the tax bill for the property is prepared ~~[, whichever occurs earlier]~~.

(d) On request by a property owner to establish an escrow account under this section, the collector shall estimate the amount of taxes to be imposed on the property by the affected taxing units in that year and include that amount in the contract to establish the escrow account. The contract must also include an estimate of

1 the amount of money the property owner would need to deposit to the  
2 escrow account each month in order to [~~. A contract to establish an~~  
3 ~~escrow account must provide for deposits that would~~] provide, as of  
4 the date the collector estimates the tax bill for the property will  
5 be prepared, a total deposit to the escrow account that is not less  
6 than the amount of taxes estimated by the collector or the amount of  
7 taxes imposed on the property by the affected taxing units in the  
8 preceding year, whichever is less. The contract may not require the  
9 property owner to comply with a schedule of deposits or prescribe a  
10 minimum amount that must be deposited to the escrow account. The  
11 collector may agree to a deposit of a greater amount on the property  
12 owner's request.

13 SECTION 2. Sections 31.072(h) and (i), Tax Code, are  
14 repealed.

15 SECTION 3. The change in law made by this Act applies only  
16 to a contract under Section 31.072, Tax Code, that is entered into  
17 on or after the effective date of this Act. A contract under  
18 Section 31.072, Tax Code, that is entered into before the effective  
19 date of this Act is governed by the law in effect when the contract  
20 was entered into, and the former law is continued in effect for that  
21 purpose.

22 SECTION 4. This Act takes effect September 1, 2021.