

LEGISLATIVE BUDGET BOARD

Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 18, 2021

TO: Honorable Morgan Meyer, Chair, House Committee on Ways & Means

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: HB3629 by Bonnen (Relating to the date a deferral or abatement of the collection of ad valorem taxes on the residence homestead of an elderly or disabled person or disabled veteran expires.), As Introduced

Passage of the bill would extend the time before a taxing unit can file a suit to collect delinquent taxes on the property or conduct a sale to foreclose a lien to the 181st day after the collector delivers a notice of delinquency following the date the individual who is 65 or older, disabled, or a partially disabled veteran no longer owns and occupies the property as a residence homestead. As a result, taxable property values could be reduced and the related costs to the Foundation School Fund could be increased through the operation of the school finance formulas.

The bill would amend Chapter 36 of the Tax Code, regarding property tax delinquency, to require that the collector of a taxing unit deliver notice of delinquent taxes before certain actions begin. The bill would extend the time before a taxing unit can file a suit to collect delinquent taxes on the property or conduct a sale to foreclose a lien to the 181st day after the collector delivers a notice of delinquency following the date the individual no longer owns and occupies the property as residence homestead. The bill would allow a court to abate a suit until the 181st day after the date the collector for the taxing unit delivers a notice of delinquency of the taxes following the date the individual no longer owns and occupies the property as a residence homestead. The bill would allow an affidavit to abate a pending sale to foreclose the tax lien until the 181st day after the date the collector for the taxing unit delivers a notice of delinquency of the taxes following the date the individual no longer owns and occupies the property as a residence homestead. The bill would provide a deferral or abatement continues in effect until the 181st day after the date the collector for the taxing unit delivers a notice of delinquency of the taxes following the date the surviving spouse of the individual no longer owns and occupies the property as a residence homestead.

Individuals who are 65 or older, disabled, and partially disabled veterans are permitted to defer collection of property taxes, abate a suit to collect a delinquent tax or abate a sale to foreclose a tax lien until the 181st day after the date the individual no longer owns and occupies the residence homestead. The provisions in this bill extend the deadline to require the collector for a taxing unit to provide notice of the delinquent taxes in order to begin that timeline. Passage of the bill could increase the period for deferrals or abatements which effect the timing, but not the amount of taxes collected. Depending on the amount and length of time taxes would continue being deferred or abated there would be a cost to units of local government and to the state through the operation of school funding formula. The amount of taxes that would be deferred or abated for the additional time is unknown. As a result, the fiscal impact cannot be estimated.

The bill would take effect September 1, 2021.

Local Government Impact

Passage of the bill would extend the time before a taxing unit can file a suit to collect delinquent taxes on the property or conduct a sale to foreclose a lien to the 181st day after the collector delivers a notice of delinquency following the date the individual who is 65 or older, disabled, or a partially disabled veteran no longer owns and occupies the property as a residence homestead. As a result, taxable property values and the

related ad valorem tax revenue for units of local government could be reduced.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD, BRI