

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION

April 25, 2021

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

FROM: Jerry McGinty, Director, Legislative Budget Board

IN RE: SB742 by Birdwell (Relating to installment payments of ad valorem taxes on property in a disaster area or emergency area.), **As Engrossed**

No fiscal implication to the State is anticipated.

The bill would amend Chapter 31 of the Tax Code, regarding property tax collections, to expand an installment payment option for taxes on property located in a disaster or emergency area. Under current law, the option is available for certain property in a disaster area damaged as a direct result of the disaster.

The bill would allow a person to pay property taxes in four equal installments on real and tangible personal property damaged by a disaster if it is located in an emergency area if the property is a residential homestead or residential property with fewer than five units; or property owned or leased by a business entity with annual gross receipts under a specified threshold.

The bill would allow the governing body of a taxing unit to authorize a person to pay property taxes in four equal installments on real and tangible personal property not damaged by a disaster if it is located in a disaster area or emergency area and owned or leased by a business entity with annual gross receipts under a specified threshold.

The bill would require the Comptroller to adopt rules necessary to implement the installment payments.

Expanding installment payments to property to property damaged by a disaster in an emergency area and to property not damaged directly by a disaster but located in a disaster or emergency area would still require that taxes be paid in the year following the tax year in which they are imposed. The bill would affect the timing but not the amount of taxes collected in a given year of a disaster on certain property located in the disaster area. There would be no fiscal impact on the state or units of local government.

The bill would take effect immediately upon enactment, assuming it received the requisite two-thirds majority votes in both houses of the Legislature. Otherwise, it would take effect September 1, 2021.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 304 Comptroller of Public Accounts

LBB Staff: JMc, KK, SD, BRI