

BILL ANALYSIS

Senate Research Center
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S.B. 1486
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Local Government
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, there is no entitlement for a taxpayer to make electronic property tax payments. The Texas Tax Code authorizes electronic payments at the discretion of the tax collector. Thus, some tax collectors offer electronic payment, and some do not.

S.B. 1486 authorizes a taxpayer option for electronic property tax payments in all counties.

S.B. 1486 amends Section 31.06 (Collections: Medium of Payment) of the Tax Code. Defines "electronic payment" as a payment made by credit card, debit card, electronic check, electronic funds transfer, wire transfer, or automated clearinghouse withdrawal.

S.B. 1486 adds Section 31.062 to the Tax Code, which requires a collector to accept an electronic payment of taxes at the owner's election. S.B. 1486 allows a collector to require the payor to provide:

- (1) an e-mail address;
- (2) a financial account number; and
- (3) any other information the collector determines is necessary to properly receive, process, and confirm the receipt of an electronic payment made by the property owner or the person designated by the owner.

Collectors maintain the authority to impose a cost-recovery fee expense incurred by the collector or taxing unit in processing the payment, not to exceed five percent.

S.B. 1486 requires a collector to prominently display the information necessary to make an electronic payment of taxes to the collector on the website and to immediately confirm the receipt of an electronic payment of taxes. The bill requires the Comptroller of Public Accounts of the State of Texas to adopt rules for the implementation of Section 31.062.

S.B. 1486 takes effect for the 2024 tax year for collectors in counties with a population of 120,000 or more, and in 2025 for counties with less than 120,000.

As proposed, S.B. 1486 amends current law relating to the electronic payment of ad valorem taxes and authorizes a fee.

RULEMAKING AUTHORITY

Rulemaking authority is expressly granted to the Comptroller of Public Accounts of the State of Texas in SECTION 2 (Section 31.062, Tax Code) of this bill.

SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 31.06, Tax Code, by amending Subsections (a) and (c) and adding Subsection (a-1), as follows:

- (a) Defines "electronic payment."

(a-1) Requires a collector, except as provided by Subsection (e) (relating to authorizing a collector to adopt a written policy that requires certain payment types that relates to certain property) to accept United States currency or a check or money order in payment of taxes and to accept an electronic payment of taxes made in the manner provided by Section 31.062, rather accept payment by credit card or electronic funds transfer.

(c) Authorizes a collector, if a tax is paid by an electronic payment, rather than by a credit card, to collect a fee for processing the payment. Makes a conforming change.

SECTION 2. Amends Chapter 31, Tax Code, by adding Section 31.062, as follows:

Sec. 31.062. ELECTRONIC TAX PAYMENTS. (a) Defines "electronic payment."

(b) Requires a collector, notwithstanding any other provision of Title 1 (Property Tax Code), to accept an electronic payment of taxes from a property owner or a person designated by a property owner under Section 1.111(f) (relating to authorizing a property owner in writing filed with certain entities to deliver certain communications relating to one or more specified items of the owner's property to a specified person instead of to the property owner) if the property owner or person elects to make electronic payments under Subsection (c) of this section.

(c) Requires a collector to establish a procedure that allows a property owner or a person designated by a property owner under Section 1.111(f) to make the election described by Subsection (b) of this section. Requires that the procedure specify the manner by which the property owner or the person designated by the owner will make electronic payments of taxes and the method that will be used to confirm the receipt by the collector of an electronic payment.

(d) Provides that an election under Subsection (c) of this section by a property owner or a person designated by a property owner under Section 1.111(f) remains in effect until rescinded in writing by the property owner or person designated by the owner.

(e) Authorizes a collector to require a property owner or a person designated by a property owner under Section 1.111(f) who elects to make electronic payments of taxes to provide:

(1) an e-mail address;

(2) a financial account number; and

(3) any other information the collector determines is necessary to properly receive, process, and confirm the receipt of an electronic payment made by the property owner or the person designated by the owner.

(f) Requires a collector to prominently display the information necessary to make an electronic payment of taxes to the collector on the collector's Internet website if the collector maintains an Internet website.

(g) Provides that an electronic payment of taxes by a property owner or a person designated by a property owner under Section 1.111(f) to a collector is timely if the payment is:

(1) addressed to the correct delivery portal or electronic delivery system; and

(2) sent or uploaded on or before the date on which the payment is due.

(h) Requires a collector to notify a property owner or a person designated by a property owner under Section 1.111(f) who elects to make electronic payments of taxes under this section and who has not rescinded the election of a change in the procedure for making an electronic payment to the collector, including a change relating to the collector's e-mail address or the collector's routing or account number to which a payment is required to be made, not later than the earlier of:

(1) the 45th day after the date the change is made; or

(2) the 60th day before the date the taxes are due.

(i) Provides that an electronic payment of taxes made to the collector by the property owner or person designated by the owner, if a collector fails to provide timely notice of a change in procedure under Subsection (h) of this section to a property owner or a person designated by a property owner under Section 1.111(f), is considered to be timely delivered until the notice is received.

(j) Provides that an electronic signature that is included on or with an electronic payment of taxes made under this section is considered to be a digital signature for purposes of Section 2054.060 (Digital Signature), Government Code, and that section applies to the electronic signature.

(k) Requires a collector to immediately confirm the receipt of an electronic payment of taxes made to the collector by a property owner or a person designated by a property owner under Section 1.111(f).

(l) Requires the Comptroller of Public Accounts of the State of Texas to adopt rules for the implementation of this section.

SECTION 3. Amends Section 33.011(h), Tax Code, as follows:

(h) Requires the governing body of a taxing unit to waive penalties and interest on a delinquent tax if:

(1) the taxpayer has elected to make electronic payments of taxes under Section 31.062, rather than if the tax is payable by electronic funds transfer under an agreement entered into under Section 31.06(a) (relating to requiring a collector to accept certain forms of payment); and

(2) the taxpayer submits evidence sufficient to show that:

(A) the taxpayer attempted to pay the tax by electronic payment, rather than electronic funds transfer, in the proper manner before the delinquency date;

(B) the taxpayer's failure to pay the tax before the delinquency date was caused by an error in the transmission of the payment, rather than the funds; and

(C) makes a conforming change to this paragraph.

SECTION 4. Makes application of this Act prospective.

SECTION 5. (a) Requires the officer or employee responsible for collecting property taxes for a taxing unit located wholly or primarily in a county with a population of 120,000 or more to comply with Section 31.062, Tax Code, as added by this Act, beginning with the 2024 tax year.

(b) Requires the officer or employee responsible for collecting property taxes for a taxing unit located wholly or primarily in a county with a population of less than 120,000 to

comply with Section 31.062, Tax Code, as added by this Act, beginning with the 2025 tax year.

SECTION 6. Effective date: January 1, 2024.