

By: Thompson

H.B. No. 21

A BILL TO BE ENTITLED

AN ACT

relating to the calculation of the penalty and interest incurred on a delinquent ad valorem tax.

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

SECTION 1. Section 31.031(b), Tax Code, is amended to read as follows:

(b) If the individual fails to make a payment, including the first payment, before the applicable date provided by Subsection (a-1), the unpaid installment is delinquent and incurs ~~[a]~~ penalty ~~[of six percent]~~ and interest as provided by Section 33.01(c). The penalty provided by Section 33.01(a) does not apply to the unpaid installment.

SECTION 2. Section 31.032(c), Tax Code, is amended to read as follows:

(c) If the person fails to make a payment before the applicable date provided by Subsection (b), the unpaid installment is delinquent and incurs ~~[a]~~ penalty ~~[of six percent]~~ and interest as provided by Section 33.01(c).

SECTION 3. Sections 33.01(a), (b), and (c), Tax Code, are amended to read as follows:

(a) A delinquent tax incurs a penalty of three ~~[six]~~ percent of the amount of the tax for the first calendar month it is delinquent plus one-half ~~[one]~~ percent for each additional month or portion of a month the tax remains unpaid prior to July 1 of the year

1 in which it becomes delinquent. However, a tax delinquent on July 1
2 incurs a total penalty of six [~~twelve~~] percent of the amount of the
3 delinquent tax without regard to the number of months the tax has
4 been delinquent. A delinquent tax continues to incur the penalty
5 provided by this subsection as long as the tax remains unpaid,
6 regardless of whether a judgment for the delinquent tax has been
7 rendered.

8 (b) If a person who exercises the split-payment option
9 provided by Section 31.03 [~~of this code~~] fails to make the second
10 payment before July 1, the second payment is delinquent and incurs a
11 penalty of six [~~twelve~~] percent of the amount of unpaid tax.

12 (c) A delinquent tax accrues simple interest at a rate of
13 one-half [~~one~~] percent for each month or portion of a month the tax
14 remains unpaid. Interest payable under this section is to
15 compensate the taxing unit for revenue lost because of the
16 delinquency. A delinquent tax continues to accrue interest under
17 this subsection as long as the tax remains unpaid, regardless of
18 whether a judgment for the delinquent tax has been rendered.

19 SECTION 4. The changes in law made by this Act apply only to
20 penalties and interest that accrue on or after the effective date of
21 this Act. Penalties and interest that accrued before the effective
22 date of this Act are governed by the law in effect when the
23 penalties and interest accrued, and that law is continued in effect
24 for that purpose.

25 SECTION 5. This Act takes effect on the 91st day after the
26 last day of the legislative session.