

BILL ANALYSIS

S.B. 1531
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Ways & Means
Committee Report (Unamended)

BACKGROUND AND PURPOSE

The bill sponsor has informed the committee that the ability to make electronic property tax payments varies across Texas as some tax collectors may only accept certain forms of electronic payments. The bill sponsor has also informed the committee that the increasing use of technology combined with the inefficiencies and risks associated with mailing paper checks has resulted in a pressing need for the state to ensure all taxpayers have equal access to modern and secure methods of paying their property taxes electronically. S.B. 1531 seeks to modernize property tax collection by requiring all tax collectors to accept certain standard forms of electronic payment of property taxes and by establishing uniform procedures regarding transparency, fees, and error protections for taxpayers.

CRIMINAL JUSTICE IMPACT

It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

S.B. 1531 amends the Tax Code to revise the acceptable forms of electronic payment of property taxes by removing electronic funds transfer from among those acceptable forms of electronic payment and including debit card or electronic check among the acceptable forms of electronic payment. With respect to the payment of property taxes by such electronic means, the bill does the following:

- requires each collector for a taxing unit to establish a procedure that allows a property owner or the owner's designee for receiving property tax-related communications to make any form of electronic payment of taxes and receive confirmation of the submission of an electronic payment;
- requires each collector to prominently display on the website maintained by the collector, if the collector maintains a website, the information necessary to make an electronic payment of taxes to the collector;
- authorizes a collector, if necessary to complete the applicable form of electronic payment, to require a property owner or the owner's designee to provide the following:
 - an email address;
 - a financial account number;
 - sufficient electronic remittance information for the collector to apply an electronic payment to the property owner's account; and

- 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 owner's designee;
- establishes that an electronic payment of taxes by a property owner or the owner's designee to a collector is timely if the payment is made in the proper manner on or before the date on which the payment is due; and
- establishes that an electronic signature that is included on or with an electronic payment of taxes made under these provisions is considered to be a digital signature for purposes of the provisions of the Information Resources Management Act governing digital signatures and subjects the electronic signature to those provisions.

For these purposes, the bill defines "electronic payment" as a payment made by credit card, debit card, or electronic check. The bill 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 these provisions beginning with the 2026 tax year and 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 these provisions beginning with the 2027 tax year.

S.B. 1531 replaces the requirement for a collector for a taxing unit to accept payment of property taxes by credit card or electronic funds transfer with a requirement for a collector to accept electronic payment of property taxes made in each form described by the bill's provisions relating to electronic property tax payments in the manner provided by those provisions. The bill changes the conditions under which a collector may collect a fee for processing a property tax payment from the tax being paid by credit card to the tax being paid by an electronic payment. For these purposes, the bill establishes that "electronic payment" has the meaning assigned by the bill's provisions relating to electronic property tax payments.

S.B. 1531 revises the conditions under which a governing body of a taxing unit must waive penalties and interest on certain delinquent property tax payments as follows:

- removes the requirement for the tax to be payable by electronic funds transfer under an agreement entered into under applicable state law; and
- makes the requirement for the taxpayer to submit evidence sufficient to show the following applicable with respect to an electronic payment under the bill's provisions relating to electronic property tax payments instead of with respect to electronic funds transfers:
 - the taxpayer attempted to pay the tax by electronic funds transfer in the proper manner before the delinquency date;
 - the taxpayer's failure to do so was caused by an error in the transmission of the funds; and
 - the tax was properly paid by electronic funds transfer or otherwise not later than the 21st day after the date the taxpayer knew or should have known of the delinquency.

S.B. 1531 applies only to a tax year that begins on or after the bill's effective date.

EFFECTIVE DATE

January 1, 2026.