

BILL ANALYSIS

Senate Research Center
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S.B. 1531
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, the ability to make property tax payments electronically is only available to certain taxpayers, as some collectors accept electronic payments while others do not. Even when available, the specific types of electronic payments accepted can vary widely. Certain collectors may only accept payments via credit card, while others only accept electronic checks.

The increasing use of technology, combined with the inefficiencies and risks associated with mailing paper checks through the U.S. mail, has demonstrated 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 modernizes property tax collection by requiring all tax collectors to accept standard forms of electronic payment and by establishing uniform rules around transparency, fees, and error protections for taxpayers.

As proposed, S.B. 1531 amends current law relating to the electronic payment of ad valorem taxes and authorizes a fee.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

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) Creates this subsection from existing text. Requires a collector, except as provided by Subsection (e) (relating to authorizing a collector to adopt a written policy that requires payment of recoverable delinquent taxes, penalties, interest, and costs and expenses with certain monies if the payment relates to certain subjects), to accept United States currency or a check or money order in payment of taxes and to accept any form of electronic payment of taxes made in the manner provided by Section 31.062, rather than accept payment by credit card or electronic funds transfer. Makes nonsubstantive changes.

(c) Authorizes the collector, if a tax is paid by an electronic payment, rather than by 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 each collector to establish a procedure that allows 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 the appraisal district to direct certain entities to deliver all communications relating to specified items of the owner's property to a specified person instead of to the property owner) to make any form of electronic payment of taxes and receive confirmation of the submission of an electronic payment.

(c) Requires each county assessor-collector to prominently display on the Internet website maintained by the county under Section 26.16 (Posting of Tax-Related Information on County's Internet Website) the information necessary to make an electronic payment of taxes to the collector for each taxing unit all or part of the territory of which is located in the county.

(d) Authorizes a collector, if necessary to complete the applicable form of electronic payment, to require a property owner or a person designated by a property owner under Section 1.111(f) to provide an e-mail 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 person designated by the owner.

(e) 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 made in the proper manner on or before the date on which the payment is due.

(f) 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.

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 the taxpayer submits evidence sufficient to show that:

(1) the taxpayer attempted to pay the tax by electronic payment under Section 31.062, rather than by electronic funds transfer, in the proper manner before the delinquency date; and

(2)-(3) redesignates existing paragraphs (B)-(C) as Subdivisions (2)-(3) and makes conforming changes.

Deletes existing text requiring the governing body of a taxing unit to waive penalties and interest on a delinquent tax if the tax is payable by electronic funds transfer under an agreement entered into under Section 31.06(a) (relating to providing that, with certain exceptions, taxes are payable only as provided by Section 31.06 (Medium of Payment)) and the failure to pay the taxes before the delinquency date was caused by certain circumstances beyond the taxpayer's control.

Makes nonsubstantive changes to this subsection.

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 2026 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 2027 tax year.

SECTION 6. Effective date: January 1, 2026.