

1-1 By: Vasut, et al. (Senate Sponsor - Paxton) H.B. No. 2742
1-2 (In the Senate - Received from the House April 29, 2025;
1-3 May 5, 2025, read first time and referred to Committee on Local
1-4 Government; May 13, 2025, reported favorably by the following
1-5 vote: Yeas 6, Nays 0; May 13, 2025, sent to printer.)

1-6 COMMITTEE VOTE

| | Yea | Nay | Absent | PNV |
|-----------------|-----|-----|--------|-----|
| 1-7 Bettencourt | X | | | |
| 1-8 Middleton | X | | | |
| 1-9 Cook | X | | | |
| 1-10 Gutierrez | | | X | |
| 1-11 Nichols | X | | | |
| 1-12 Paxton | X | | | |
| 1-13 West | X | | | |

1-15 A BILL TO BE ENTITLED
1-16 AN ACT

1-17 relating to the split-payment of ad valorem taxes.

1-18 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-19 SECTION 1. Section 31.03, Tax Code, is amended by amending
1-20 Subsection (a) and adding Subsection (a-1) to read as follows:

1-21 (a) The governing body of a taxing unit that collects its
1-22 own taxes may provide, in the manner required by law for official
1-23 action by the body, that a person who pays one-half of the taxing
1-24 unit's taxes before December 1 or, if applicable, the date provided
1-25 by Subsection (a-1) may pay the remaining one-half of the taxes
1-26 without penalty or interest before July 1 of the following year.

1-27 (a-1) If a taxing unit that has adopted the split-payment
1-28 option provided by Subsection (a) mails its tax bills after
1-29 November 30, the first one-half of the taxing unit's taxes must be
1-30 paid before the first day of the next month following the first full
1-31 calendar month following the date the tax bills are mailed.

1-32 SECTION 2. Section 31.04(c), Tax Code, is amended to read as
1-33 follows:

1-34 (c) ~~A [payment option provided by Section 31.03 of this code~~
1-35 ~~or a] discount adopted under Section 31.05(b) [of this code]~~ does
1-36 not apply to taxes that are calculated too late for it to be
1-37 available.

1-38 SECTION 3. Section 42.08(c), Tax Code, is amended to read as
1-39 follows:

1-40 (c) A property owner that pays an amount of taxes greater
1-41 than that required by Subsection (b) does not forfeit the property
1-42 owner's right to a final determination of the appeal by making the
1-43 payment. The property owner may pay an additional amount of taxes
1-44 at any time. If the property owner files a timely appeal under this
1-45 chapter, taxes paid on the property are considered paid under
1-46 protest, even if paid before the appeal is filed. If the taxes are
1-47 subject to the split-payment option provided by Section 31.03, the
1-48 property owner may comply with Subsection (b) of this section by
1-49 paying one-half of the amount otherwise required to be paid under
1-50 that subsection before December 1 or, if applicable, the date
1-51 provided by Section 31.03(a-1) and paying the remaining one-half of
1-52 that amount before July 1 of the following year.

1-53 SECTION 4. The changes in law made by this Act apply only to
1-54 ad valorem taxes imposed for an ad valorem tax year that begins on
1-55 or after the effective date of this Act.

1-56 SECTION 5. This Act takes effect January 1, 2026.

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