

BILL ANALYSIS

C.S.H.B. 2253
By: Darby
Ways & Means
Committee Report (Substituted)

BACKGROUND AND PURPOSE

There are concerns that, at the current interest rate, the calculation of interest on a property tax refund resulting from the final determination of an appeal that decreases a property owner's liability could require local governments to pay exceedingly high amounts of interest, which could affect local government services and potentially require tax increases. The purpose of C.S.H.B. 2253 is to mitigate the potential effect of a large interest refund by providing for judicial discretion regarding the refund amount to which the interest rate is applied.

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

C.S.H.B. 2253 amends the Tax Code to require the court that makes the final determination of an appeal that decreases a property owner's tax liability to determine, in its discretion, the amount on which the refund interest is to be calculated.

EFFECTIVE DATE

On passage, or, if the bill does not receive the necessary vote, September 1, 2017.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 2253 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and formatted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED

SECTION 1. Sections 42.43(b) and (c), Tax Code, are amended to read as follows:

(b) For a refund made under this section, the taxing unit shall include with the refund interest on all or a portion of the amount refunded, calculated at an annual rate of 9.5

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Sections 42.43(b) and (c), Tax Code, are amended to read as follows:

(b) For a refund made under this section, the taxing unit shall include with the refund interest on all or a portion of the amount refunded, calculated at an annual rate of 9.5

percent, calculated from the delinquency date for the taxes until the date the refund is made. The court that makes the final determination of the appeal shall, in its discretion, determine the amount on which interest is to be calculated, provided that the amount is:

(1) not greater than the amount refunded under Subsection (a); and

(2) not less than the difference between the minimum amount the taxpayer was required to pay to preserve the right to appeal under Section 42.08(b) and the amount of taxes for which the property owner is liable.

(c) Notwithstanding Subsection (b), if a taxing unit does not make a refund, including interest, required by this section before the 60th day after the date the chief appraiser certifies a correction to the appraisal roll under Section 42.41, the taxing unit shall include with the refund interest on the amount determined by the court under Subsection (b) [refunded] at an annual rate of 12 percent, calculated from the delinquency date for the taxes until the date the refund is made. A refund is not considered made under this section until sent to the proper person as provided by this section.

SECTION 2. The change in law made by this Act applies only to a tax refund that is made following an appeal that is filed on or after the effective date of this Act. A tax refund that is made following an appeal that is filed before the effective date of this Act is determined by the law in effect when the appeal is filed, and that law is continued in effect for that purpose.

SECTION 3. This Act takes effect immediately if it receives a vote of two-thirds of all the members elected to each house, as provided by Section 39, Article III, Texas Constitution. If this Act does not receive the vote necessary for immediate effect, this Act takes effect September 1, 2017.

percent, calculated from the delinquency date for the taxes until the date the refund is made. The court that makes the final determination of the appeal shall, in its discretion, determine the amount on which interest is to be calculated.

(c) Notwithstanding Subsection (b), if a taxing unit does not make a refund, including interest, required by this section before the 60th day after the date the chief appraiser certifies a correction to the appraisal roll under Section 42.41, the taxing unit shall include with the refund interest on the amount determined by the court under Subsection (b) [refunded] at an annual rate of 12 percent, calculated from the delinquency date for the taxes until the date the refund is made. A refund is not considered made under this section until sent to the proper person as provided by this section.

SECTION 2. Same as introduced version.

SECTION 3. Same as introduced version.