

SUBJECT: Allowing involuntary ad valorem tax payment under protest

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 7 ayes — Craddick, Finnell, Heflin, Holzheuser, Horn, Place, Romo
0 nays —
4 absent — Wolens, T. Hunter, Marchant, Oliveira

SENATE VOTE: On final passage, May 11 — 31-0

WITNESSES: None

BACKGROUND: The Tax Code establishes the procedures for assessing ad valorem taxes and allows a property owner to protest appraised property taxes under certain conditions and appeal an appraisal review board's decision.

The Tax Code also requires property owners to pay an uncontested portion of a tax bill by the delinquency date or forfeit the right to a final determination. Current law does not allow for involuntary tax payments under protest.

DIGEST: SB 101 would amend Chapter 31 of the Tax Code to specify that an ad valorem tax payment would be involuntary if the taxpayer indicates that the tax was paid under protest on the instrument by which the tax was paid or in a document accompanying the payment. The bill would take effect immediately if approved by two-thirds of the membership of each house.

SUPPORTERS SAY: SB 101 would provide a means for taxpayers who are protesting a tax bill a means to recover payment if a court later rules the tax is unconstitutional. The taxpayer could show on record the tax was being paid under protest. Local taxing districts have imposed taxes that were subsequently ruled illegal. For example, the Texas Supreme Court ruled in 1994 that county education districts (CEDs) taxes were unconstitutional. This bill would provide an evidentiary basis for taxpayers to seek recovery of taxes paid under protest.

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OPPONENTS No apparent opposition.
SAY: