

**SUBJECT:** Escrow accounts for disabled veterans and Purple Heart recipients

**COMMITTEE:** Ways and Means — favorable, without amendment

**VOTE:** 9 ayes — J. Keffer, Villarreal, Edwards, Grusendorf, Luna, Paxton, Ritter, Smithee, Woolley

0 nays

**WITNESSES:** For — Buddy Winn, Self

Against — None

**BACKGROUND:** Under Tax Code, ch. 31.072, a county tax collector-assessor may enter a contract with a property owner for the payment of annual property taxes from money deposited periodically into an escrow account.

**DIGEST:** HB 587 would require a county tax collector-assessor, by request, to establish an escrow account as a way for disabled veterans and Purple Heart recipients to pay their property taxes.

The bill would take immediate effect if finally passed by a two-thirds record vote of the membership of each house. Otherwise, it would take effect September 1, 2005.

**SUPPORTERS SAY:** HB 587 would provide tax payment relief to disabled veterans and Purple Heart recipients. No greater contribution can be made to Texas and the nation than military service, and this bill would offer deserving men and women a small reward for their sacrifices.

The bill would not create an undue burden on county tax assessor-collectors, who routinely establish these contracts. No special criteria are required of taxpayers to enter a contract with a county. Requests rarely are rejected, and the accounts are set up to accommodate monthly and quarterly payments of varying amounts.

While property owners who escrow their property tax payments do pay a larger amount in total property tax each year, they are not required to foot

the entire bill at once, which can be financially burdensome for many citizens, including some veterans. Disabled veterans and Purple Heart recipients should have the option of structuring their property tax payments in a way that makes sense for them, and if they choose to establish an escrow account, that request should be granted.

OPPONENTS  
SAY:

HB 587 actually would increase the property tax liability of disabled veterans and Purple Heart recipients who escrowed their property tax payments but missed a payment. A 6 percent interest rate is applied to taxes that are paid one month late. For every additional month of unpaid taxes, another percentage point of interest is added until July, at which point 12 percent is added regardless of how many months the payment is delinquent. Up to 18 percent interest could be applied to delinquent taxes by the end of the year in which they were due, plus penalties.

OTHER  
OPPONENTS  
SAY:

While the bill should provide tax relief to disabled veterans and Purple Heart recipients, only taxes owed on homesteads should be escrowed.

The bill should require the county tax collector-assessor to grant such contracts to anyone upon request. Setting up these accounts does not apply selective criteria to taxpayers or inconvenience the county. This change would provide needed taxpayer relief.

NOTES:

The companion bill, SB 580 by Van de Putte, passed the Senate on the Local and Uncontested Calendar on March 31. The Ways and Means Committee on April 27 reported SB 580 favorably with a substitute that is identical to HB 587 except that it would apply only to escrow accounts for payments on homesteads. CSSB 580 is eligible to be considered in lieu of HB 587.